

Weekend FINANCIAL TIMES

Weekend FT

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WEEKEND NOVEMBER 16/NOVEMBER 17 1996

Yeltsin aide at centre of 'covert funding' claim

Anastoly Chubais, president Yeltsin's chief of staff, risks being discredited by a newspaper transcript of an alleged Kremlin conversation. The transcript appears to show Mr Chubais and two other aides discussing covert funding for Mr Yeltsin's re-election and plotting to prevent the state prosecutor investigating. The Kremlin denied the conversation took place. Page 24

US industrial output down: US industrial production fell 0.5 per cent last month, suggesting the pace of growth is moderating. The biggest factor was a fall in vehicle output. Page 3

Engine plant for UK: Germany's BMW is to build a £400m (\$680m) car engine plant in the British Midlands rather than Austria, thanks to a last-minute increase in state aid. Page 5

Japan to unfreeze aid: Japan is to release \$500m of aid for Russia which it has frozen since the collapse of the Soviet Union in 1991. Russia also offered Japan joint development of islands claimed by the two countries off Japan's northernmost island of Hokkaido. Page 8

Delay on Fokker decisions: South Korea's Samsung Aerospace Industries, which has been examining the books of Fokker, is likely to take at least two more weeks before deciding whether to rescue the bankrupt Dutch aircraft maker. Fokker went bankrupt in March.

Pakistan bank chief held: M.E. Abbasi, president of National Bank of Pakistan, the country's biggest state-run bank, was arrested for unauthorised reasons.

Graf's father freed: The father of German tennis star Steffi Graf was freed on DM5m (\$3.2m) bail after a court trying him on tax evasion charges ruled he need not stay in custody. Page 2

President's appeal rejected: A Chinese court took just 10 minutes to reject the appeal of dissident Wang Dan, 27, and uphold an 11-year prison sentence on him for subversion, his mother said. In Hong Kong the decision sparked a protest march.

China commended: European record business executives praised China's crackdown on copyright piracy, and expressed keenness to set up ventures with Chinese companies. China praised on WTO move. Page 7

Bodies found after Nile accident: Egyptian rescuers recovered the six bodies from a Nile cruiser carrying east European tourists capsized on Thursday. Another 11 people are also feared drowned.

Smart card security in doubt: Even the toughest security chips in smart cards and shop point of sales machines can be penetrated, a British academic warns. Banking system designers are unwise to trust manufacturers' claims that their smart cards and other security processors were tamperproof, Cambridge University's Ross Anderson said. Page 7

Hebron moves 'deadlocked': Palestinian president Yasir Arafat said intensive negotiations with Israel had failed to make progress over troop redeployment from the West Bank town of Hebron.

Kurdish peace: The Kurdistan Democratic party and the Patriotic Union of Kurdistan, rival Kurdish factions, resumed US-brokered talks in Ankara to try to consolidate a three week old ceasefire in northern Iraq.

Bagpipe welcome for stones: Scotland's historic Stone of Scone was welcomed home at the Scottish-English border to the sound of bagpipes. Since 1296, the stone has been in London's Westminster Abbey. It is now being taken to the Scottish capital, Edinburgh.

Airline board quits: The entire board of Canadian Airlines International quit to avoid being held personally liable by creditors. Page 24

FT.com: The FT web site provides online news, comment and analysis at <http://www.ft.com>

Companies in this issue

ABN Amro	5	Honda	5
AIM	6	Inspirations	6
Agon	5	Invesco	6
Apia Healthcare	5	Iselin	6
Aulten Associates	6	Izuzu	6
BMW	4	Japan Tobacco	6
BT	6	KIP	6
Babcock Intl	6	LVMH	6
Berleford	6	MCI	6
Black Arrow	6	Mazda	6
Carnelot Corporation	5	Meteor Technology	5
Clyde Blowers	6	Moody's	6
Cook (William)	6	Ork	6
Cox Insurance	5	Pace Micro	6
Deutsche Telekom	5	Pioneer	6
Dominion Resources	5	Plessem	6
EHI	6	Railtrack	6
East Midlands Elect	5	Rensult	6
First Choice	5	Siemens	6
Flextech	6	Surrethome	6
Formal	6	Telecom NZ	6
General Cable	6	Thomas Cook	6
Haden MacLellan	6	Triplex Lloyd	6

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European markets boosted by Wall Street rally

By Philip Coggan, Markets Editor

Hopes for balanced budget and subdued inflation lift Dow

Leading European markets closed sharply higher yesterday, boosted by Wall Street's prolonged rally following the US presidential and congressional elections.

In Frankfurt, the DAX closed above 2,900 for the first time and in Amsterdam and Zurich shares reached new peaks. In London, bonds and shares rallied after an extended period in the dol-

drums as US stocks appeared to be heading for their eighth consecutive all-time high. Just an hour before the New York market closed, the Dow Jones Industrial Average was 46.21 higher at 5,959.31 after being more than 60 points ahead earlier in the day.

The combination of President Clinton and a Republican congress is seen as the most likely to make progress

towards a balanced budget but investors have also had other reasons to buy stocks.

Subdued inflationary pressures and a "Goldilocks economy" - neither too hot nor too cold - meant that when the Federal Reserve's open market committee met this week, it, once again, did not need to raise interest rates.

The recent results season showed a healthy corporate

sector, and merger and acquisitions activity and share buy-backs continue to return cash to investors. The expiry of index futures and options, known as "double witching", also increased activity.

International investors have been nervous about the US stock market, but the Dow has repeatedly confounded the bears, rocketing past the 4,000, 5,000 and 6,000 marks

over the past two years.

The strength of Wall Street finally carried over to London, where shares have underperformed world financial markets as strong economic growth and a rise in inflation have increased fears of a further rise in interest rates. The FTSE 100 index rose 32.1 to 3,958.2.

Glits, which have also suffered from inflationary wor-

ries and from the expectation that the UK will not join European monetary union, also rallied. Bargain hunters were attracted when the spread between German and UK government bond yields briefly topped 2 percentage points, on Thursday.

In Paris the CAC-40 index gained 1 per cent.

Bonds, Page 7; Editorial Comment, Page 8; World stocks, Page 18; London stocks, Page 21

Exodus averts disaster in Zaire

Aid workers left stunned as Rwandans flee home

By Antony Goldman in Goma and Michela Wrong in Kinshasa

A catastrophe was averted and international intervention made easier in eastern Zaire yesterday as hundreds of thousands of refugees poured across the border to Rwanda in a surprise homecoming without precedent.

Shortly before dawn, the two vast camps outside Goma, holding around 400,000 refugees, began to empty in what United Nations officials described as the largest voluntary return in its experience.

News of the unexpected exodus came as the UN security council was finalising terms of a mandate for a multinational force of 10,000 to 15,000 to secure aid supply routes to as many as 1m refugees.

Aid workers now believe that hundreds of thousands of refugees who fled deeper into Zaire after recent fighting can be persuaded to return to Rwanda, making the task of the Canadian-led force easier and less dangerous.

Throughout the day and into the night, columns of humanity, stretching as far as the eye could see, made the 20-mile



Thousands of Hutu refugees head towards the Zairean border town of Goma on their way to Rwanda after fleeing the Mugunga refugee camp

Journey from the Mugunga camps to safety - and to the waiting aid agencies.

Refugees along the road spoke of a brief but frantic battle around Mugunga, 12km from Goma, on Thursday morning between Rwandan Hutu militia and the Tutsi rebel forces who control much of eastern Zaire.

"There were shells and shooting for about two hours," said one. "And then the soldiers of the old government

and their militia allies, the *Interahamwe*, fled into the hills. Once they had finally gone, we knew at last we were free to return home."

Aid workers speculated that the rebels, convinced that the international intervention would merely consolidate the refugee presence, decided to launch an all-out operation to oust the *Interahamwe*.

An exuberant Mr Laurent Kabila, leader of the Tutsi-dominated rebel alliance, yes-

terday claimed an overwhelming victory in the battle for Mugunga.

"We have thrown the soldiers of that terrorist former government of Rwanda out of the camps and freed the people," he said. "The world can see they are returning home of their own will, and in peace, and clearly there is now no reason for any international intervention."

Mr Kabila said his forces had captured few of their opponents in Mugunga but he

vowed to pursue them.

In Goma, Mr Ray Wilkinson, spokesman for the UN High Commissioner for Refugees, said the case for intervention had changed dramatically.

"The refugees are coming home on a scale which I don't think anyone could have imagined. What we have now is a major logistical exercise in which the international community can, and indeed is, already playing a major role."

Mr Gideon Kayinamura, Rwanda's ambassador to the UN, said: "Now that they are flowing by the thousand into Rwanda, would a multinational force be necessary?"

Hundreds of relief agency vehicles are on their way to the Rwandan border town of Gisenyi, now swamped with returnees. Aid officials hope the returnees can be moved on quickly to their home villages.

Rwanda tragedy, Page 3; Broken heart, Page 8

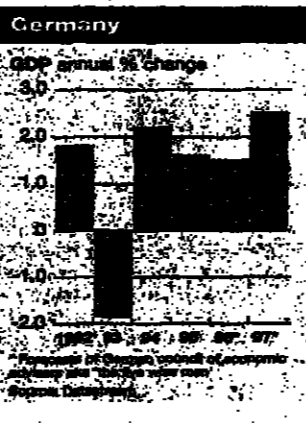
Germany to cut borrowing by additional DM3.2bn

By Peter Norman in Bonn

The German government yesterday underlined its determination to qualify for economic and monetary union by logging an extra DM3.2bn (\$2.18bn) off next year's planned federal borrowing requirement.

After 17 hours haggling in the budget committee of the Bundestag, the ruling coalition announced that next year's federal deficit would total DM55.5bn, down from the DM58.7bn first proposed in July by Mr Theo Waigel, the finance minister.

The final budget, which is expected to pass its final reading in the Bundestag at the end of this month, envisages a



2.5 per cent cut in federal spending to DM49.9bn next year. The figures failed to impress

the government's council of economic advisers, whose annual report yesterday called for further action to bring the deficit below the Maastricht limit of 3 per cent of gross domestic product next year. Forecasting a 1997 deficit of 3.5 per cent of GDP, the so-called five wise men said the Bonn government underestimated the cost of continuing high unemployment. They forecast relatively strong growth of 2.5 per cent next year after 1.5 per cent in 1996, but warned that registered unemployment would rise to an average of 4.07m from 3.86m this year. Total unemployment, includ-

Continued on Page 24
Unions ditch past, Page 2

STOCK MARKET INDICES

FTSE 100	3958.2	(+62.1)
Yield	5.28	
FTSE Eurostoxx 100	3228.08	(+14.32)
FTSE All-Share	1948.19	(+0.73)
Nikkei	20,928.73	(-101.51)
New York S&P 500	5978.78	(+68.78)
S & P Composite	741.79	(+6.91)

US LIQUIDITY RATES

Federal Funds	5 3/4%
3-m Three Bill: Yield	5.52%
Long Bond	10.0%
Yield	6.43%

NORTH SEA OIL (Argus)

Brant Dated	80/s	(23.225)
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LONDON MONEY

3-m Interbank	5 1/4%	(same)
1-m long gilt bid	Dec 1996	(Dec 1996)

GOLD

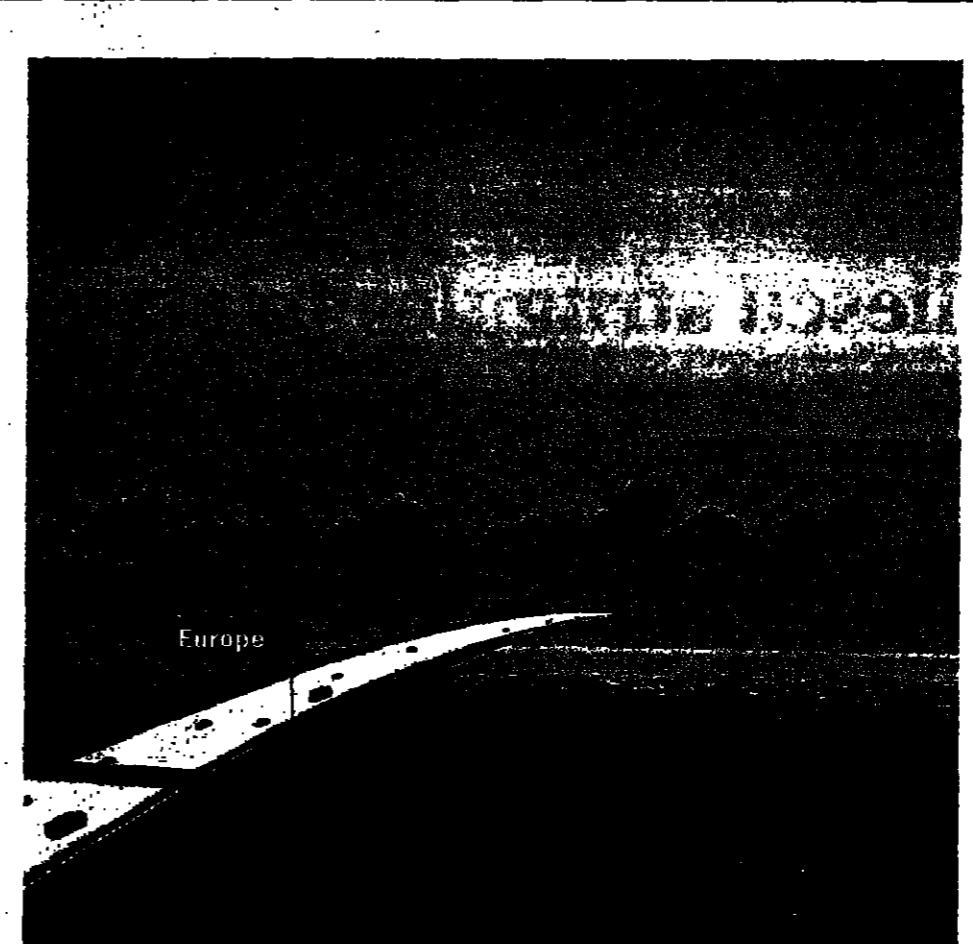
New York Comex Dec	329.15	(same)
London	329.45	(32.65)

DOLLAR

New York 3-month	DM 1.2385
FF	5.1010
SFR	1.270
Y	111.275
DM	2.8134 (2.5109)
FF	6.8010 (6.4844)
SFR	2.1308 (2.1193)
Y	185.143 (185.245)
C Index	92.0 (91.5)
Tokyo close	Y 111.48

CONTENTS

News	1	Foreign Exchanges	10	World Commodities	7
International News	2-3	Gold Markets	7	Wall Street	18, 19
UK News	4	London SE	21	Bolton	16, 19
Weather	24	LSE Dealings	20	Weekend FT	
Post	24	Managed Funds	12-17	Section 1	
Features		Money Markets	10		
Leader Page	5	Recent Issues	18		
Letters	5	Share Information	22, 23		
Mini in the News	6				
Companies & Finance					
UK/Intl companies	6-8				
Markets					
FT-SE Analysis	21				
FT/SEPA Wid Index	19				



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NEWS: INTERNATIONAL

Biggest overhaul of trade unions' manifesto since second world war

German unions dump left-wing dogmas

By Wolfgang Münchau
in Dresden

Germany's trade unions yesterday endorsed a historic shift in their political stance, dumping left-wing dogmas from their manifesto of political aims and embracing flexibility.

At a four-day special congress, scheduled to end today, DGB, the umbrella organisation of Germany's trade unions, voted through the biggest overhaul of the manifesto since the second world war and the first since 1981.

The changes contained some of the hallmarks of the Godesberg programme of 1958, when the Social Democratic party (SPD) broke with Marxism and adopted a moderate position on the centre-left.

Mr Hubertus Schmidt, president of IG Chemie, the chemical union, said the new manifesto was an

attempt to narrow the gap between what unions pretended to be and what they were.

"The programme recognises that we are part of the social market economy, and that we stand or fall by whether it is successful."

The most important measure approved yesterday was the notion of "regulated choice", under which unions accepted the principle of more flexibility in labour contracts.

The reform of the manifesto comes at a time when Germany's consensus-based model of industrial relations is under pressure. The process is being driven by high

European governments should not ignore the option of delaying the start of economic and monetary union if it becomes clear next year that potential members will fail to meet the Maastricht treaty convergence criteria, the German government's council of economic advisers said yesterday, reports Peter Norman from Bonn.

In their latest annual report, the "five wise men" warned that diluting the criteria to allow EMU to go ahead on schedule from the beginning of 1999 would

damage the project's credibility and could produce a considerable set-back for European integration.

The five economists yesterday forecast that Germany's 1997 budget deficit would amount to 3.3 per cent of gross domestic product - above the Maastricht limit of 3 per cent. In their 500 page report they questioned whether it would be clear by spring of 1998 that EMU could start on time.

"If it becomes apparent in 1997 the criteria cannot be fulfilled credibly, policy-

makers should create clarity at an early stage by signalling a postponement, also with the aim of avoiding surprises on financial markets." For clarity's sake, they also urged governments to define now how to interpret the criteria.

The wise men insisted delay would not mean the end of EMU. According to the treaty, the next opportunity for a decision could come within two years. They said "stopping the clock" had helped European integration in the past.

Several delegates questioned the effectiveness of the union movement in recent years. One delegate said: "I still believe it is desirable to retain full unemployment as a goal of the trade union movement, even though none of us has any idea how to achieve it."

Several eastern German members accused the movement of bias towards the west.

There were frequent attacks on Mr Klaus Zwickel, president of IG Metall, the powerful engineering union, after he threatened to walk out of the congress unless the manifesto was adopted.

Mr Zwickel stole the limelight again yesterday when he announced a merger with a small union in the wood and paper industry. This will take membership of IG Metall, already the world's largest industrial union, well above 3m - about one third of total union membership in Germany.

Mr Klaus Wiesebergel, president of IG Bau, the construction union, said in one of the lighter moments of the congress that the only industrial rationale for the merger was "the wood panels in the more expensive Mercedes models".

INTERNATIONAL NEWS DIGEST

Iata seeks 3% rise in fares

International airlines agreed yesterday to ask their governments for permission to raise fares by 3 per cent to take account of a sharp rise in the price of aircraft fuel.

The International Air Transport Association said the airlines wanted the fare increase to take effect on December 15.

Iata said fuel prices had increased by 43 per cent over the past year and by 37 per cent since June. The average price of aviation fuel last month was 73.5 cents a gallon on spot markets in Europe, Asia and the US, Iata said. This compared with 53.55 cents in June this year and 51.29 cents in October last year.

Iata said aviation fuel accounted for an average 10.9 per cent of airlines' operating costs last year on their international scheduled services. It said that it was still common for international fares to be government controlled and for airlines worldwide to have to apply to raise them. *Michael Skapinker, Aerospace Correspondent*

China praised on WTO move

Sir Leon Brittan, vice-president of the European Commission, yesterday said China had responded "very strongly and very warmly" to a compromise proposal intended to put stalled negotiations for Chinese entry to the World Trade Organisation back on track. Under a European proposal, China would accept some WTO obligations as soon as it joined, while others would be phased in over an agreed period.

Negotiations for China's WTO membership have virtually ground to a halt as a result of differences, particularly with the US, over whether it should enter with "developed" or "developing" country status. Beijing clearly favours the latter as it would allow China to enter the WTO on more lenient terms.

However, while China appears now to have given some ground, it still remains for the US to agree to Europe's proposal. Sir Leon said he was "urgently getting in touch with the US, with secretary of state Warren Christopher... to urge that we work together to accelerate the negotiation of Chinese participation in the WTO, on the basis of the European concept of phased acceptance of the obligations". *Sophie Roell, Beijing*

IMF-World Bank relief plan

Uganda, Bolivia and Guyana look set to be the first countries deemed eligible for extra debt relief under the joint initiative by the World Bank and International Monetary Fund to ease debt burdens for the world's poorest countries. Officials from the international institutions and industrialised countries met in Paris on Wednesday and Thursday to discuss the progress made so far on the debt initiative. One problem is that the African Development Bank does not have enough resources to provide the necessary relief to its debtors, so the officials discussed the amount of extra funds which would be needed to cover the shortfall.

IMF and World Bank staff have begun "debt sustainability analyses" for five countries to determine eligibility for help. But two of these, Burkina Faso and Mali, were thought unlikely to qualify for help when preliminary assessments were carried out earlier this year. *Robert Chote, Economics Editor*

Tsarist debt played down

Reports that Russia owes \$30bn in overseas debt dating back to its pre-revolutionary Tsarist government were rejected as "an exaggeration" by a Russian finance minister yesterday. After a press conference on Russia's approaching debut on the international bond market, Mr Alexei Smirnov, a deputy minister of finance, said: "All the figures I have seen in the press are an exaggeration - it's much less."

Mr Smirnov declined to give an estimate of the total, which the Tsarist government placed mainly in France from 1880 to finance railways and other capital projects, though he said it was "much less" than half the \$30bn figure. Mr Smirnov said concerns over the Tsarist debt had been raised "many times" by international investors considering Russian bonds. *Richard Adams, London*

India buys 40 Sukhoi aircraft

India's cabinet has approved the purchase of up to 40 Russian-built Sukhoi-30 multiple-role fighter aircraft in a deal which could be worth \$500m (£1.4bn) - India's biggest arms purchase from Moscow since the end of the cold war. A formal contract is expected to be signed soon, after further negotiations between India's defence ministry and the Russian suppliers on the final number and price of the aircraft. India in April paid \$142m to Russian defence agencies to safeguard a delivery date of March 1997, without having given final approval for the deal.

The United Front government received Russia's defence minister in Delhi last month and the deal was finally approved this week. India's ministry of defence said the aircraft would initially be configured for an air-defence role. *Mark Nicholson, New Delhi*

Japanese bankruptcies up

The collapse last month of Nichiei Finance, a Yokohama-based property lender, caused Japanese bankruptcy liabilities to shoot up to a one-year high in October. Just over 1,340 companies went to the wall last month, a fifth more than the previous month, and the 20th month in a row in which corporate failures have exceeded 1,000.

They left debts of ¥1,370bn (\$12.3bn), according to Teikoku Databank, a private credit research agency, the highest since the collapse of Hyogo Bank last year triggered a chain reaction of bankruptcies worth ¥1,430bn. That figure was swollen by the ¥990bn of liabilities at Nichiei, which filed for voluntary liquidation because of its inability to collect debts incurred on overvalued property bought at the peak of the late 1990s asset price bubble. *William Dawkins, Tokyo*

Peter Graf out on bail

Mr Peter Graf, father of tennis player Steffi, has been freed from prison, where he has been held for over a year on charges of tax evasion. Bail was set at DM5m (\$3.2m). The court in Mannheim also said Mr Joachim Eckhardt, Mr Graf's former tax adviser, could be released on DM300,000 bail.

The trial of the two men began in September. The court said there was little danger of the two men fleeing the country. A higher court rejected an appeal by prosecutors against the decision. *Frederick Stüdemann, Bonn*

Paris transport strike flops

Trade unions hoping to rekindle last year's labour unrest over unpopular government welfare reforms suffered a setback yesterday when a public transport strike called for Paris flopped. The action was intended to crown a low-key week of protests by the Communist-led CGT union to demand wage increases, protest against job cuts and urge a halt to privatisation.

But city transport officials said the Paris Metro was running at least 70 per cent of normal services while buses were running at 90 per cent and suburban RER trains were virtually unaffected. However, a last-minute strike call by pilots' unions at Air France Europe, part of the Air France group, grounded 60 per cent of its scheduled flights, the airline said. *Reuter, Paris*

Italy's Mr Clean driven out of office

Di Pietro, national hero and scourge of the corrupt, resigns

Italian politics has never seen such an intertemporal resignation letter.

Stepping down as public works minister, Mr Antonio Di Pietro rallied in outraged tones against all those seeking to besmirch his reputation. He also signed the letter twice - a postscript repeated his decision was "irrevocable", making it difficult for him to change his mind and accept a fresh appeal to rejoin the government which will be made today.

Mr Di Pietro's anger is understandable enough. But his resignation was an accident waiting to happen the moment he was tempted into joining the centre-left government by Mr Romano Prodi, premier, in May. As the country's leading anti-corruption magistrate in Milan from 1992, he became the symbol of the "Clean Hands" campaign that exposed corruption at the highest levels and jumbled an entire political/business elite.

He is by far the most popular public figure in opinion polls, even though he resigned from the magistracy in December 1994 and has little to show after six months in government. But as a magistrate he upset powerful vested interests, which has led to him being subjected to constant harassment and vilification.

His enemies' broader strategic aim is to create as much confusion that the

only way to resolve the corruption issue would be an amnesty for the 5,000 or so people caught up in the "Clean Hands" enquiries. Several leading commentators said yesterday the vendetta against Mr Di Pietro would have stopped long ago if such an amnesty had been introduced.

Instead his name has been dragged in the mud through scurrilous press leaks; he has been the object of illegal justice ministry inspections; his phone has been tapped; his life threatened; and there have been three abortive attempts to indict him for abuse of his authority as a magistrate.

The campaign intensified after Milan magistrates placed Mr Silvio Berlusconi under investigation for alleged corruption in November 1994 while still premier. A trial is under way in the northern city of Brescia, where among others Mr Paolo Berlusconi (Silvio's younger brother), and Mr Cesare Previti, defence minister in the Berlusconi government, are alleged to have blackmailed Mr Di Pietro into resigning as a magistrate in December 1994.

Although the main attacks on Mr Di Pietro came from the Berlusconi camp, the right-wing coalition still courted him in the hope that he would bring his considerable political constituency to their side.

He held back from any political commitment until



Antonio Di Pietro: he humbled an entire political business elite

he had cleared his name in two cases of alleged abuse of office. After the election, Mr Prodi insisted he join his government.

Mr Di Pietro accepted, even though the entire political establishment knew he could be called to account yet again for his role as a magistrate. This is precisely what has happened.

In September an investigation by the judiciary in the port city of La Spezia led to the arrest and imprisonment of Mr Pierfrancesco Pacini Battaglia, an Italo-Swiss financier, whom Mr Di Pietro incriminated in 1993 for allegedly acting as an illicit banker for bribes. Mr Di Pietro's name emerged suspiciously in selective leaks of transcripts of the financier's conversations.

Among the many motivations for these leaks appears to be a vendetta by elements of the Guardia di Finanza

(financial police) against Mr Di Pietro and his Milan colleagues. The Milan magistrates imprisoned two Guardia generals and almost 50 senior officials and conducted an investigation into corruption in the force that led to at least two suicides.

Mr Di Pietro recently embarrassed the government by attacking the Guardia for harassing him, creating the spectacle of a minister of state attacking a central institution of the state, and obliging the government to defend the police.

He will now have to clear himself of any suggestion of improper dealings with Mr Pacini Battaglia. If he does, his prestige will be enhanced and he will be courted again as a political personality capable of swaying an election.

But the way ahead looks murky and there are many people with a vested interest

in a "Clean Hands" amnesty first mooted back in 1993.

His resignation comes in a week which has witnessed the following events:

- Mr Bettino Craxi, the former Socialist premier and symbol of the old political establishment, was given a five-year prison sentence.
- Mr Marcello Dell'Utri, Mr Berlusconi's key business aide, was given a three-year sentence for inflating accounts.
- The lawyers for Mr Cesare Romiti, chairman of Fiat, sought a special quick trial for alleged false accounting.
- Next week Mr Berlusconi is due to face trial for alleged fraud in the accounts of his Fininvest business empire. No country can continue such high-level prosecutions indefinitely without profound instability.

Robert Graham

Iliescu struggles to stay top in Romania

By Virginia Marsh
in Bucharest

President Ion Iliescu of Romania's great survivors, goes into tomorrow's run-off for the presidency facing the prospect of defeat for the first time since he took power in December 1989.

Opinion polls put the 66-year-old president neck and neck with Mr Emil Constantinescu, of the centre-right Democratic Convention

which ousted Mr Iliescu's left-wing Party of Social Democracy (PDSR), also for the first time, in a parliamentary poll two weeks ago.

A defeat for Mr Iliescu, the main and unifying force behind the PDSR, would greatly consolidate the power of the future Convention-led government. The constitution gives the presi-

dent the right to veto legislation unless parliament upholds it by a two-thirds majority, as well as some control over defence and foreign policy.

The Convention and the centrist Social Democratic Union (USD), its coalition partner, which won the parliamentary election after promising faster reform and more democratic government, hold slightly over half

of the seats in parliament, with Mr Iliescu's PDSR controlling about a quarter.

On paper, Mr Constantinescu, a 56-year-old academic, should win. He took 28 per cent of the vote, four points behind the Moscow-educated president, in the first round on November 3 but both the third and fourth placed candidates who together won 27 per cent have since strongly

backed him, as have almost all the other candidates.

Mr Constantinescu, a mild-mannered geologist whom the president, an accomplished career politician, demolished in TV debates four years ago, has also become a much tougher opponent. In marathon discussions this week he often had Mr Iliescu on the defensive and even, at times, at a rare loss for words.

Three vie to win in Moldova poll

By Matthew Karminski

Three candidates for the Moldovan presidency have emerged from a crowded pack for tomorrow's first round of elections in the ethnically Romanian former Soviet republic - Mr Mihail Snegur, the incumbent, Prime Minister Andrei Sangheli and Mr Petru Lucinschi, the speaker of parliament.

The main issues have been relations with Russia and the powers of the presidency.

A separatist conflict in the breakaway Trans-Dniestr region, populated by ethnic Slavs, where Russian troops remain based, remains unresolved, and Mr Snegur's dip-

lomatic overtures have proved fruitless.

The 56-year-old Mr Snegur, in power since 1991, has embraced nationalism, stressing Moldova's linguistic and cultural links with neighbouring Romania.

Mr Sangheli argues that Moldova's stable but stagnant economy needs Russian energy, and pledges a more accommodating policy toward Moscow. Mr Lucinschi takes a middle line.

The local authorities in Trans-Dniestr, an impoverished strip of 700,000 people on the Ukraine border, said polling booths would not be permitted in their region and have called their own presidential election for December 22.

THE COMMERCIAL COMPANY OF SALONICA PLC

Notice is hereby given that the eighty fifth Annual General Meeting of the Company will be held at the Company's office in Athens (Greece), Kerkyras street 49, on Thursday the 19th day of December 1996 at 12:00 noon, for the following purposes:

- 1) To receive the report of the Directors and the audited Accounts of the Company for the Financial Year ended 31st December 1995.
- 2) To propose the following resolution for the reelection of Directors, of which special notice has been given to the Company in accordance with sections 201 and 209 of the Companies Act 1985: That Mrs. Charlotte J. Saporta, who has surpassed the age of 70 years, be reelected as Director of the Company.
- 3) To decide about the appointment and reappointment of the Directors of the Company.
- 4) To decide about the appointment of the auditors of the Company.
- 5) To approve that the remuneration of the Auditors shall be fixed by the Board and to determine the remuneration of the Directors.
- 6) Different subjects of a daily order.

In accordance with article 21 of the articles of association, shareholders desiring to be present and to vote at the meeting, must deposit their shares at least five days before the meeting at the offices of the Company at Theotoniki, or the Company's office in London, Messrs. Chantrey Vellouzos (C.D. Tzavellias), 10-12 Russell Square, London WC1B 5LF, or at Messrs. J. Saporta, Amsterdam.

Any member of the Company entitled to attend and vote at the meeting, may appoint another person (member of the Company or not), as his proxy to attend and vote instead of him.

Salonica, November 4th, 1996
On behalf of the Board
Charlotte J. Saporta (Mrs)
Director

THE FINANCIAL TIMES
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Surprise in factory output in

Rising party...
Slovakia...
Poland...

Russia offers

Surprise fall in factory output in US

By Michael Prowse in Washington

An unexpected drop in US industrial production yesterday provided further evidence that the pace of growth is moderating.

The Federal Reserve said production fell 0.5 per cent last month after a revised gain of 0.3 per cent in September. The decline mainly reflected a 7 per cent drop in output of motor vehicles following shortages of parts because of a strike at General Motors in Canada.

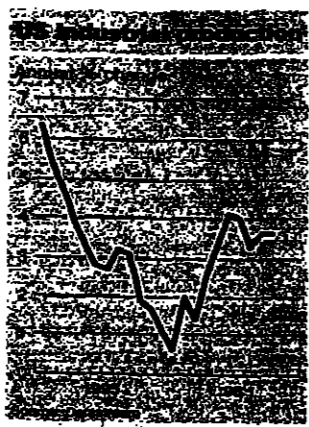
However, output also fell less sharply in several other sectors, including electrical appliances and chemical products. Excluding cars, industrial production fell 0.1 per cent.

The rate of capacity utilisation in manufacturing also fell sharply to 81.6 per cent last month against 82.3 per cent in September, suggesting little upward pressure on materials prices.

Separate data yesterday painted a more encouraging picture. The University of Michigan's index of consumer confidence was reported at 93.7 in early November, up from 89.9 last month.

Figures on business inventories indicated that officials had overestimated the increase in corporate stocks in the third quarter. With less of an overhang of unsold goods, production can be expected to respond quickly to any increase in demand in coming months.

"This is another piece of evidence showing the US economy has slowed," said Mr Bruce Steinberg, a senior economist at Merrill Lynch in New York. "It justifies the Fed's lack of action and the



Industrial production in US

bond market's rally," he added. The production figures surprised analysts who had mostly expected no change in industrial output last month. However, few believe they imply an alarming softness in the economy. Most economists expect a modest rebound in consumer spending in the current quarter, after weakness in the late summer.

"Over the next six months the economy is more likely to strengthen than weaken," said Mr Jim O'Sullivan, an economist at J.P. Morgan, the New York bank. Factors likely to sustain growth included the recent drop in long-term interest rates, the underlying strength of business investment and the improving outlook for US exports as growth picked up in the rest of the world.

The figures confirmed market expectations that the Fed will leave monetary policy on hold for several months. Few analysts expect a change in interest rates until next spring. Pundits are divided over whether the Fed will then need to raise or lower rates.

Ruling party sinks Mexican poll clean-up

By Leslie Crawford in Mexico City

President Ernesto Zedillo's hopes of achieving an all-party accord on electoral reforms for Mexico were shattered late on Thursday night by a rebellion within the ruling Institutional Revolutionary party (PRI).

PRI deputies in the National Congress tore up parts of an agreement painstakingly negotiated over two years with the main opposition parties. A new law on elections and political party financing was then approved by the PRI majority in Congress. Mexico's three opposition parties voted against.

The new law raises government funding for Mexican political parties by 476 per cent in 1997 to almost 2bn pesos (\$260m) - a tenfold increase over what was officially spent in the 1994 presidential election in Mexico, and more than four times the sum of US federal funds allocated to political parties during the recent US presidential elections.

PRI deputies also ruled that exceeding campaign finance limits would no longer be a criminal or electoral offence.

"With no sanctions against overstepping," said Mr Santiago Creel, a former member of Mexico's Federal Electoral Institute. "PRI candidates will be free to spend what they want to secure their election victory, just as they

always did in the past." The PRI voted to give itself the lion's share of free political air time on radio and television. It also restricted the right of opposition parties to form coalitions.

The new law was immediately attacked by opposition leaders. Mr Andrés Manuel López Obrador, leader of the left-wing Revolutionary Democratic party, said he would challenge the new law in Mexico's constitutional court.

Mr Felipe Calderón, the National Action party leader, said the new law offered no guarantees against electoral fraud. "This is neither the definitive, nor the democratic electoral reform we negotiated," he said.

Mr Federico Estévez, a political scientist at ITAM university in Mexico City, said the new law was part of the PRI's "smouldering rebellion" against President Zedillo.

Mr Zedillo, who is on a state visit to Argentina, had placed great store in achieving an all-party agreement that would remove some of the worst inequalities in Mexico's political system and confer legitimacy on Mexican electoral results.

In Congress, however, Mr Jorge Moreno, a PRI deputy said: "This is not a matter for the president of the republic. This what we want."

'The soldiers, well-intentioned, were forced to stand and watch the atrocities unfold'

John Kampfner recalls the Rwanda tragedy of two years ago, and draws parallels with today's crisis

Outside the gates of the city's main hospital a man in brown rags lay wriggling on the ground. A group of refugees were stoning and kicking him. Parts of his head were missing - cut away by machetes. He begged for mercy.

As we got out of our jeep, the mob stopped, momentarily. Three French military armoured vehicles drove up, slowed down, and drove off again. A crowd had gathered, laughing as the thugs administered more blows on the victim.

That was Goma, July 1994. Operation Turquoise was in full swing, with 2,500 experienced soldiers deployed. With their colonial legacy, the French were particularly hamstrung. The soldiers, billeted by the airport, were well-intentioned. But most of the time they were forced to stand and watch atrocities unfold.

Notwithstanding yesterday's exodus from the refugee camps near Goma, this

could well be the fate of Canadian, US, British and other troops in the international contingent unless they have a mandate to produce real change on the ground. Feeding the starving will alleviate short-term, but accentuate long-term, misery unless the *Interhamwe* militias who control the refugee camps are neutralised.

This could be bloody, but it appears to be the only option if this military exercise is about anything more than addressing the "something must be done" approach that dictates western opinion at such times.

The precedents are not good. Two years ago the French had a narrow remit - to safeguard the distribution of humanitarian aid at the refugee camps just inside Zaïre and gently to encourage Rwandans to return home.

Even when the fighting ceased in their own country they could not go home. They were trapped in the

disease-infested camps around Goma, dropping like flies from cholera and dysentery.

No attempt was made while I was based in Goma - for more than a month - to disarm the *Interhamwe*. This Hutu force was responsible for the massacre of more than 500,000 Tutsis in Rwanda earlier that year. Suspicions were rife that some of the worst perpetrators of crimes against humanity were given asylum in Zaïre, some to be spirited away to France and Belgium.

The only refugees who never seemed to lack food and water were the soldiers. Up and down the roads, past the lines of dead children tucked up in straw matting, these uniformed thugs screeched past in their overloaded military vehicles - laughing and gesticulating. They joked the assault rifles they were allowed to bring over the border with impunity.

The French showed themselves at their best, and worst. Médecins sans Frontières, with its predominance of French and Belgian doctors and nurses, were perhaps the most successful of the relief organisations.

But how could success be measured? Time and again soldiers, doctors and journalists had sickly children foisted in their arms by their parents, hovering between life and death. One particularly harrowing sight was of a small baby tugging at the right breast of her mother. The mother was lying flat on her back. The baby received a droplet or two. The mother was dead. A French soldier I was with at the time picked the child up but acknowledged that by doing so all he was ensuring was that another child lying in the line outside the nearest emergency tent would die instead. "We should be doing more than this," he said.

After a few days' practice, the French proved particu-

larly adept at digging mass graves. Piles of corpses were collected from the roadside on to dump trucks and tipped into these pits. The bodies tended to arrive more quickly than there was space.

United Nations officials said they had no mandate to intervene strategically. They had been slow to react from the start.

When the Rwandan Patriotic Front was making steady advances into north-west Rwanda, it was obvious that people were most likely to flee to Zaïre. A few weeks later, with the refugee crisis at its peak, those officials said they could not tell people what we all knew, that even though the government was in the hands of the rival tribe, Rwanda was largely safe for Hutu civilians to return to. "We can't be seen to be taking sides or giving advice," one said.

Frustrated by the inactivity, several journalists, including myself, tried to

spread the word at the camps. We had driven far into Rwanda the day before and seen the trickle of returnees well treated. When we attempted to make the points to inquiring refugees, the *Interhamwe* threw stones at us and let off volleys of gunfire above our heads. We fled. The refugees remained, many to die of malnutrition within days.

Propaganda was disseminated by Mille Collines, the local radio station, which told them they would be killed if they returned to Rwanda. The station told them that the reason they were dying of dysentery and cholera was because Tutsis were poisoning their food and water. That was why the mob outside the hospital was buying for blood. Said one onlooker: "Their women give over their placenta. They dry it and mix it in with their food. We must kill them before they kill us."

Broken heart of Africa, Page 8

An inward-looking Congress is likely to rein in the president's foreign ambitions, writes Gerard Baker

Clinton ready to shoot, but where's the goal?

The symbolism, though probably unintentional, could hardly have been clearer.

In his first departure from Washington since the election last week, President Bill Clinton left the White House yesterday for a few days' holiday followed by a week of meetings in Asia.

Shortly before climbing aboard his helicopter, Mr Clinton announced his administration's formal approval in principle for new US troop deployments in Zaïre and Bosnia.

It is a truism of US presidential politics that foreign policy issues tend to dominate second-term presidencies. Facing imminent political mortality, and a Congress that grows increasingly obstructive of the domestic policy agenda, presidents' minds often turn to their place in history, and attempts to secure it through grand foreign policy initiatives.

Little more than a week into the transition to President Clinton's second term, the pattern is already reasserting itself.

In truth, the Asian trip is more plainly a part of a presidential strategy in that vein than the Zaïre and Bosnia entanglements. It was planned well in advance and intended to give an early illustration of the president's diplomatic and international economic priorities for his second term.

But it is the military involvement in Bosnia and Zaïre - involving much greater risks, and much

more politically contentious - that will provide the more reliable hints of the type of foreign policy challenge likely in the second term. Backing foreign policy goals with military strength is the prerogative of the superpower, and there are already indications that Mr Clinton will find it much harder to do that in future.

The first Clinton administration was widely criticised for lacking an overall global strategy. Though there were some clear successes, such as Haiti, and a number of partial successes, such as those in the Middle East and Northern Ireland, the administration was regularly attacked for its "ad hoc" approach to US interests overseas.

In its defence, that was very largely a product of global circumstances.

It was the not unreasonable view of Mr Warren Christopher, the secretary of state who is now stepping down, that the end of the certainties of the cold war world militated against universally consistent grand strategies. But even though Mr Clinton himself has now talked about the need to reassess US interests in the world, the bigger problems he will face are severe constraints at home on his freedom of manoeuvre.

He has to deal with a much less compliant Congress than most of his predecessors. Under the leadership of Senator Jesse Helms, the chairman of the Senate foreign relations committee, the modern

foreign policy establishment of the Republican party that dominates the new Congress is much more suitably inward-looking than most of its post-war predecessors.

Deeply hostile to United Nations-led military activism, and sceptical of a multilateral approach of any sort, its members will probably be eager to rein in the president over the next few years.

There was an early indication of the likely battle ahead in reaction to the Zaïre and Bosnia force deployments. Senator Dan Coats, a member of the Senate armed services committee, accused the administration of having "good intentions but no clear goals" in Zaïre.

But the real difficulty for the new team may be a popular mood increasingly hostile to foreign involvement. Foreign policy issues as usual played only a cameo part in the presidential election campaign, and when they were the focus of attention Mr Clinton was often on the defensive about a US military role abroad.

Yesterday his opponents made great play of the fact that the president waited until the election was out of the way before announcing the extended military deployment in Bosnia, even though the administration had known that a decision had to be made imminently.

House national security committee chairman Floyd Spence said: "The Clinton administration was never serious about its commit-

US hedges promises on troop commitments

By Gerard Baker in Washington

President Bill Clinton yesterday gave approval in principle for US forces to be deployed to Bosnia and Zaïre as part of international missions in both countries. But the US decision to deploy troops in the two troublespots was hedged with qualifications.

About 8,500 US troops will take part in the Nato-led follow-on force in Bosnia. That total will be reviewed every six months and will be cut to about half by the end of 1997. The remainder would be withdrawn by about June 1998, the president said.

Anxious to dispel criticism

that the decision contradicted his earlier pledge that the forces in Bosnia would be withdrawn by the end of this year, Mr Clinton said the US presence was needed to prevent "a bitter harvest of hatred". Though the military mission so far had been successful, the reconstruction of the economy had been slower than expected, and a new contribution was now necessary.

But he added, "For my agreement in principle to become a commitment, I must be satisfied that the final recommendations Nato adopts and the operational plan it develops must be clear, limited and achievable."

The US is starting to pull out the first contingents of its 15,000-strong force in Bosnia, which is being replaced with about 7,000 troops from bases in Germany.

On Zaïre, Mr Clinton said the US remained prepared to contribute troops to the Canadian-led international relief mission. "The world's most powerful nation must not turn its back on so many desperate people and so many innocent children," he said.

But before giving the go-ahead for 4,000 American troops to take part, Mr Clinton said he wanted assurances that soldiers would not have to shoot their way in.

Russia offers Kuriles olive branch

By William Dawkins in Tokyo

Russia yesterday offered Japan an olive branch over a territorial dispute which for 51 years has prevented them signing a second world war peace treaty.

Mr Andrei Prizmakov, the Russian foreign minister, proposed to his Japanese counterpart, Mr Yukihiko Ikeda, that the former enemies should jointly develop abundant mineral and fisheries around a Russian-held chain of islands known as the Kuriles in Russian and claimed by Japan as the Northern Territories. Mr Ikeda said he would consider the idea.

The Russian offer is the latest step in a three-year rapprochement, started after President Boris Yeltsin conceded during a visit to Tokyo the existence of a dispute and called for a resolution based on "law and justice".

Yesterday's move is the consequence of the first in a series of regular encounters between the two foreign ministers to discuss the islands dispute, agreed at a meeting in Moscow last July.

The islands were occupied by Soviet troops in the closing days of the war and have since been a source of tension between Russia and

Japan. There have been frequent clashes between Japanese fishing boats and Russian coastguards, and the islands have become a popular symbol of the wrongs which many Japanese citizens feel they have suffered at their neighbour's hands in four wars this century.

Mr Prizmakov proposed that talks should open without affecting the two sides' sovereignty claims. He cited as a model Britain's relations with Argentina, which last year dropped its objections to oil development around the Falkland Islands in exchange for a share in any royalties.

He and Mr Ikeda at the same time agreed to expand the number of citizens permitted to make visa-free vis-



same time agreed to expand the number of citizens permitted to make visa-free vis-

its and to seek an early settlement of talks on the safety of Japanese fishing boats around the islands.

Yesterday's Russian offer, while significant, is not thought likely to open the way to a quick resolution.

Both governments' freedom of manoeuvre is limited. Mr Yeltsin runs the risk of nationalist outcry if he compromises with Japan. The Tokyo government, for its part, runs the risk of weakening its own claims over two other groups of disputed islands, variously claimed by China, Taiwan and South Korea, if it concedes too much to Russia.



President Clinton speaking last night about the US deployments in Zaïre and Bosnia. Congress is unenthusiastic

ment to limit US involvement in Bosnia to one year."

It was striking too that in yesterday's announcements caution - one clear maxim of foreign policy in the first term - was evident. The US insists its forces in Zaïre will be armed strictly for self-defence only, a clear nod to public opinion fearful of a repeat of the tragedies in Somalia in 1993.

The real evidence of history is the centre-piece of many second pres-

idential terms, is often not a successful one.

Both Lyndon Johnson, in Vietnam, and Ronald Reagan, over Iran-Contra, became bogged down in entanglements that ultimately detracted from their domestic policy successes.

Only one president in the last 80 years could point to solid foreign policy achievements in his second term. And Mr Clinton is unlikely to see Richard Nixon as much of a role model.

REPEAT CALL FOR TENDERS
FOR THE SALE OF THE ASSETS OF "GREEK INDUSTRY OF READY MADE GARMENTS ROCANAS BROS S.A.", OF ATHENS, GREECE

ΕΥΡΩΚΙ ΚΡΗΦΑΛΕΟΥ Σ.Α., Administration of Assets and Liabilities, of 9 Chrysoskolitiss St., Athens Greece, in its capacity as Liquidator of "GREEK INDUSTRY OF READY MADE GARMENTS ROCANAS BROS SA" a company with registered offices in Athens Greece, Attica Greece, the "Company", presently under special liquidation according to the provisions of article 46a of Law 1892/1990, by virtue of Decision No. 5217/96 of the Athens Court of Appeal,

announces a repeat call for tenders for the sale of the assets, as a single entity, of the company described below.

BRIEF INFORMATION

The Company was established in 1970. On 28.5.96 it was placed under special liquidation. Its activities included the production, importation and sale of ready made garments both in the domestic and in foreign markets.

ASSETS OFFERED FOR SALE

The assets offered for sale include a plot of land in the Municipality of Alikona (4 Ancient Theatre Street), the area of which originally amounted to 7.285,64 sq.m., having been reduced to approximately 5.855,55 sq.m. following expropriation, a plant consisting of a basement of approx. 2.153,32 sq.m., ground floor of approx. 4.029,66 sq.m., and first floor of approx. 4.029,66 sq.m., machinery, mechanical equipment, a car, a van, the Company's registered trademark, receivables and any other assets as may be found to belong to the Company. It should be noted that the Company plan is issued out to third parties.

OFFERING MEMORANDUM - FURTHER INFORMATION:

Interested parties may obtain the Offering Memorandum in respect of the Company and its assets upon signing a Confidentiality Agreement.

TERMS AND CONDITIONS OF THE AUCTION

- The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990 (as supplemented by article 14 of Law 2000/91 and subsequently amended), the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are conditions of sale or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
- Bidding/Offers: Interested parties are hereby invited to submit binding offers, not later than December 16th, 1996, 12.00 hours to the Athens Notary Public: Mr George Stefanakos, 39, Akadimias St., Athens, Tel: +30-1-36.06.961 and +30-1-64.50.422, fax: +30-1-64.50.423.
- Offers should expressly state the offered price and the detailed terms of payment (in cash or instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate, if any). In the event of non specifying a) the way of payment, b) whether the credited amount shall bear interest and c) the interest rate, then it shall respectively be deemed that: a) the offered price is payable upon execution of the sale contract, b) the amount credited shall bear no interest and c) the interest rate shall be the legal rate in force from time to time. In all cases where the credited amount bears interest, this shall be calculated on the outstanding amount and shall be payable on the dates of payment of each instalment. Binding offers submitted later than the above date shall neither be accepted nor considered. The offers shall be binding until the adjudication. Submission of offers in favour of a third party to be admitted at a later stage shall be accepted under the conditions that express mention is made in this regard upon submission and that the offeror shall give a personal guarantee in favour of such third party for the compliance of the obligations deriving from the sale contract.
- Letters of Guarantee: Binding offers must be accompanied by a Letter of Guarantee issued in accordance with the simple Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The amount of the Letter of Guarantee must be DRS. SEVENTY FIVE MILLION (75.000.000,-).
- Letters of Guarantee shall be returned after the adjudication.
- Substantiated Binding offers together with the Letters of Guarantee shall be submitted in sealed opaque envelopes.
- Envelopes containing the binding offers shall be unsealed by the above mentioned Notary Public in his office, on December 16th, 1996, 14.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed constituting the execution of the binding offers.
- As highest bidder shall be considered the participants, whose offer will be judged by creditors representing over 51% of the claims against the Company. For the purposes of evaluation, an offer to be paid in instalments shall be assessed on the basis of its present value to be calculated by employing a 19% annual discount interest rate, compounded yearly.
- The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract in accordance with the terms contained in this binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. In the event of the highest bidder not complying with such obligation, the Letter of Guarantee shall be forfeited as a penalty. Adjudication shall be deemed to take effect upon execution of the contract of sale.
- All costs and expenses of any nature, including any tax (such as V.A.T.), duties, custom duties, any charges in favour of the state or third parties, which may need to be paid (other than those exempted by the applicable law) in respect of the participation in the Auction and the transfer of the assets offered hereby for sale, shall be borne by the bidder, as well as any other act prior or subsequent to the transfer of assets shall exclusively be borne by the purchaser.
- The Liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to reject or cancel the Auction or any decision taken by the Liquidator or the Creditors. The Liquidator, the Liquidator, the Company or the Creditors shall have no liability for any legal or factual defects of the assets. Submission of binding offers shall not create any right for the adjudication nor the participants shall acquire any right, power or claim from this Call and/or their participation in the Auction against the Liquidator and/or the Creditors for any reason whatsoever.
- This call has been drafted in Greek and translated into English. In any event the Greek version shall prevail.

In order to obtain a copy of the Offering Memorandum and any further information, please contact the Liquidator "Ευρωκί Κρηφαλεού Σ.Α." Administration of Assets and Liabilities", Chrysoskolitiss St., Athens 10560, Greece, Tel: +30-1-323.14.84-7, Fax: +30-1-321.79.05 (copy of Mrs. Maria Prangidou).

NEWS: UK

'I had a little bit more money than before,' says minister after Austrian bid is rebuffed

Extra aid wins \$650m BMW factory

By Haig Simonian, Motor Industry Correspondent

The British government has offered a last-minute increase in state aid to ensure that a \$650m engine plant for German vehicle manufacturer BMW and its Rover offshoot will be built in England rather than Austria.

Mr Ian Lang, Britain's chief industry minister, said the government had offered £22.5m (\$37.12m) in regional selective assistance for the factory, which will produce new generation four-cylinder engines for BMW and Rover cars after 2000. This, combined with unspecified additional funds for training and infrastructure, is believed to have taken the total to the \$650m sought by BMW.

Mr Bernd Pischetsrieder, BMW's chairman, and Mr Walter Hasselkus, Rover's chief executive, Mr Hasselkus said yesterday that although the government had not offered any additional element in aid, it had raised its regional selective assistance and added "a little bit here, a little bit there".

Delays in signing what appeared to be an almost certain investment in the UK led to speculation that the Austrian government had indicated that it would offer BMW another substantial package of assistance. By contrast, the original British proposal was "on the wrong side of £40m", according to a Rover official.

The engine plant is the latest in a string of investments which have boosted confidence in the UK motor industry. Rover has announced plans to spend \$400m on a new Mini at its Longbridge plant in the Midlands early next century and about \$400m for a smaller Land Rover model and associated investments in nearby Solihull.

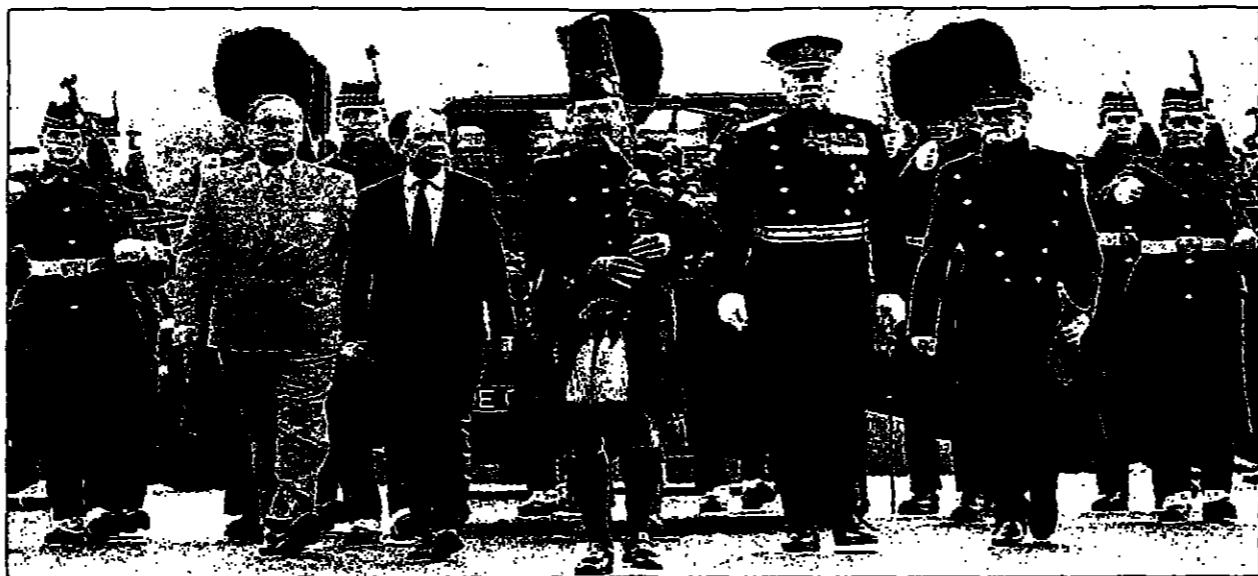
Ellesmere Port car plant in north-west England while Nissan of Japan is to invest \$700m to build an estate car version of its Primera in the north-east.

Door left open for Sinn Féin to enter talks

By John Kampfer, Chief Political Correspondent

The British government yesterday left the door open for Sinn Féin, the political wing of the Irish Republican Army, to join multi-party talks on Northern Ireland. But it would have to reaffirm its insistence on an "unequivocal" IRA ceasefire. In a speech in the northern England city of Manchester, site of a recent IRA bomb attack, Sir Patrick Mayhew, the government's chief Northern Ireland minister, responded cautiously to a new series of demands from Sinn Féin.

British Northern Ireland MPs at Westminster for the government to make clear it would accept only a "permanent" ceasefire declaration. "Sinn Féin say they believe that real negotiations are the only way forward. Well, I agree," said Sir Patrick in his Manchester speech. "The basis for real negotiations is already there. What is required for Sinn Féin to join them is an unequivocal restoration of the IRA ceasefire."



The Stone of Destiny returned to Scotland yesterday 700 years after it was seized and taken to London. The 200kg slab on which many kings of Scotland were crowned before the union with England was led back across the England/Scotland border yesterday by Michael Forsyth, the UK government's chief minister for Scotland (front, third from left)

Security chips 'can be penetrated'

By Nicholas Denton in London

A Cambridge University academic will next week cast a fresh shadow over electronic commerce by demonstrating flaws in the security chips at the heart of smart cards and point-of-sale terminals in shops.

Dr Anderson said many electronic payment systems were being sold on mistaken assumptions. "We have been able to break every chip we have turned our attention to. The onus is now on companies to show their system is sound."

The paper, available on the Internet, outlines a technique for cracking a highly advanced chip - Dallas Semiconductor's 5002 microprocessor - which is used in about 1m point-of-sale terminals and other devices around the world. Dallas Semiconductor, a specialist US chipmaker, is aware of the threat to its most secure microprocessor. It acknowledged it had asked Dr Anderson's team in June to delay publication of the paper to give it time to warn manufacturers of the point-of-sale terminals.

"We know that it is on the Net now and we cannot keep things secret forever," a Dallas Semiconductor executive said.

WEEKEND BUSINESS

<p>TELECOMMUNICATIONS</p> <p>How Low?</p> <ul style="list-style-type: none"> UK: \$0.20 Australia: \$0.35 France: \$0.35 Japan: \$0.38 Germany: \$0.37 S. Africa: \$0.67 <p>Call now and start saving today! Lines open 24 hours.</p>	<p>BUSINESSES FOR SALE</p> <p>FOR SALE</p> <p>FOR SALE</p> <p>FOR SALE</p> <p>PRECISION ENGINEERING COMPANY</p> <p>Northern England Turnover \$2 million +</p> <p>Phone: Ex 5437 Fax: Ex 5438 One Southway, Broom, Warrington, Staffs, EN10 8JL</p>
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Opposition edges towards more sceptical stance

Labour's leader admits single currency 'difficulty'

By James Fitz in Paris

Mr Tony Blair, leader of the opposition Labour party, yesterday edged towards a more sceptical stance on a single European currency, admitting that the UK would face "difficulties" if it joined the first wave of entrants in 1999.

He insisted at a meeting with President Jacques Chirac of France that the options for the UK joining a single currency in the first wave were still open. But he also indicated that certain issues including convergence of European labour markets could delay sterling's membership.

Mr Blair told the president: "The option of joining is not closed. I will not hide that there are difficulties."

Other parts of Mr Blair's speech struck a strongly pro-European note. He said he believed "unequivocally" that it was in Britain's interests to be part of Europe. Following this week's row

over the imposition of EU employment legislation on the UK, he said that sections of the governing Conservative party were playing "dangerous games with our national interest" by advocating withdrawal from Europe. But there were strong indications that he was moving closer to the scepticism on a single currency advocated by Mr Robin Cook, the shadow foreign secretary.

Mr Cook has said convergence of the European real economy - and, in particular, its labour market - is needed before a single currency can be successfully launched. Mr Blair said yesterday Labour "will need convincing" that economic conditions across Europe will allow monetary union to succeed. There would be "only limited scope" for adjustment through labour migration or fiscal transfers once monetary union had taken place.

single currency of January 1999 was "becoming unrealistic". He also denounced the stabilisation pact, under which countries would be fined for veering sharply from the convergence criteria.

Mr Redwood said Britain had a "unique opportunity" to show she has influence, and to warn Europe against more policies that will create unemployment, slow growth or no growth and economic misery.

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London basks in an economic revival

Strong surge in consumer spending is producing buoyant conditions in the capital

London is enjoying an economic renaissance. A laggard in the 1990s, Britain's capital was hit hard in the recession but it is now celebrating a renewed buoyancy as one of the country's fastest growing regions.

London's success is attributed to its high concentration of the country's most rapidly growing industries - financial services, tourism and retailing - which mean it is well placed to exploit the present strong national consumer-led upturn. The international outlook of London companies mean that it is also well placed to gain from stronger world economic growth.

Its restaurants are filling and its shops are buzzing as consumer spending surges. Several forecasters predict economic growth of about 4 per cent for London next

year - faster than for the UK as a whole.

London's hotels and shops are benefiting. The London Tourist Board expects just under 12m tourists to visit this year compared with 8.9m in 1991, the year of the Gulf War.

"There is a feelgood factor and companies are spending more money," said Mr Robert Peel, chief executive of Thistle hotels, one of the largest hotel groups in London. He says he will end the week with only 30 to 40 rooms of the group's 6,500 London rooms empty.

London retailers are expecting a good Christmas this year. The Harrods store launched its official Christmas season this week and is already enjoying a 10 per cent sales increase on last year.

One testament to London's new-found success is the

reversal of the exodus from the capital of people and businesses seeking cheaper locations to live and work. This peaked in the late 1990s, but in the mid 1990s there are now more people returning to the city than leaving it for the first time since the 1940s - as the recession has pushed down costs and job prospects have improved.

The capital is now a centre for educated young people in particular who seek highly paid professional jobs as well as the cultural attractions London has to offer.

According to Mr Douglas McWilliams of the Centre for Economic Business Research: "That influx of youth is creating a pool of talent which is responsible for London's success."

Mr Vittorio Radice, managing director of Selfridges, another big store, says cus-

UK NEWS DIGEST

New property sector created

The London Stock Exchange yesterday gave the green light for the creation of a new sector of property investment companies. The Exchange published an amendment to its rules allowing authorised property unit trusts and housing investment trusts to obtain a listing without having the normal three years of trading behind them. Some investment managers hope the new rules will trigger a revival in institutional investment in property, which has dropped from 22 per cent of the average pension fund in the 1970s to only around 5 per cent today.

The new property investment vehicles should be more efficient and liquid for a fund manager than directly managed property portfolios, and more tax effective than buying the shares of a conventional property company. Listed property investment companies will have to show net assets of at least £30m (\$49.5m), and their directors and managers will have to demonstrate at least three years of experience managing a similar property portfolio.

But the Stock Exchange has relaxed its original proposal for limiting their borrowing. In a consultative document issued in May, it suggested they should borrow no more than 50 per cent of gross assets, but this has now been increased to 65 per cent.

George Graham

ETHNIC RESTAURANTS

Racial violence 'restricts growth'

Racial attacks on ethnic restaurants may be restricting business growth among the Caribbean, Asian and Chinese communities in Birmingham, the second largest city in England. According to Birmingham council, which plans a special survey of 10 per cent of the city's ethnic restaurants, racial harassment remains largely unreported by restaurateurs. The council's equalities committee says many businesses are afraid to report harassment out of fear that they may become targets for further attacks. The council aims to build a database of racial attacks on food businesses to create a profile of attackers and identify measures to prevent such harassment. The survey is expected to be completed by February.

Richard Wolfe

HISTORIC MONUMENTS

Funds sought for Stonehenge

Stonehenge, the ancient stone circle in southern England, has become the subject of the first application for funding from the National Lottery under the government's private finance initiative, which is intended to attract private cash to public projects. English Heritage, the state-funded ancient monuments organisation, submitted a bid to the lottery-funded Millennium Commission for £41m (\$68m) with which to complete an £83m transformation of Stonehenge, a United Nations designated World Heritage Site.

A Stonehenge visitor centre will be created 4km from the stones by the Tussauds Group, part of Pearson, which owns the Financial Times. Tussauds won a private finance initiative competition to find a commercial partner for the development, which English Heritage has been promoting for more than 10 years.

Anthony Thorncroft

DEFENCE

Cost-cutting scheme 'went wrong'

British warships have been forced to delay leaving port or to sail without full supplies because a defence ministry cost-cutting scheme went badly wrong, says the National Audit Office, the government spending watchdog. It added that Army and Royal Air Force units had suffered delays and mistakes in deliveries since the supply of food to the armed services was contracted out two years ago.

In an effort to cut costs, the ministry awarded a three-year exclusive contract to the Navy, Army and Air Force Institutes (NAAFI), which had previously handled about half the £128m (\$210m) a year of military food purchases. But when the contract started in October 1994, NAAFI's systems could not cope with the demand. For several weeks, food was delivered late and in the wrong quantities.

David Wighton

CONSTRUCTION

Siemens' \$1.8bn project on time

Construction of the first phase of Siemens' £1.1bn (\$1.8bn) North Tyneside semiconductor production complex in the north-east of England was completed on target yesterday, little more than 12 months after the project began. Equipment test runs will begin in February, with trial production starting in April and commercial production beginning on August 15. The total projected £1.1bn investment, comprising two phases, is expected to be made over 10 years, depending on market conditions.

Chris Tipton

COMPANY CRIME

Executive had 'Vegas' lifestyle

A London company executive who used money she handled at work to support a lavish lifestyle was yesterday jailed for two years. The prosecution said Ms Linda Lines had taken a total of £137,000 (\$226,050) over 30 months - spending it on holidays outside Britain and in casinos in Las Vegas.

Ms Lines, a company secretary, was tempted by the money she was handling after being given sole responsibility for looking after the books at Hanover Trustee Investment Company. Ms Lines took money from HTIC by writing cheques to herself and her credit card companies and to cover up the mounting loss - sent bogus accounts to Charles Sturt, acting for payments. She admitted false accounting and deception between 1993 and 1995.

to improve productivity are exacerbating an unemployment problem which is worse than the national average.

Mr Saxon Brettell, director of Cambridge Econometrics, the economic consultancy, predicts that employment is set to shrink in London in manufacturing, construction, communications and public administration.

Mr David Fell, director of Business Strategies, the regional consultancy says: "There are areas where unemployment is below 5 per cent and some where it is comfortably above 20 per cent. The five most depressed wards [municipal electoral districts] in the country are in London."

Graham Bowley
Additional reporting by Scheherazade Daneshkhu and Peggy Hollinger

Results vary sharply in Japan car sector

By Michio Nakamoto in Tokyo

The diverging fortunes of Japan's leading car makers were highlighted yesterday by the very different sets of results announced by Mazda, which is 33.3 per cent owned by Ford Motor of the US, and Honda, Japan's third-largest vehicle maker.

Mazda made an operating loss of ¥12.7bn (\$111m) in the first half, compared with the ¥10bn loss it forecast, although this was an improvement on the ¥18.2bn loss a year ago. Non-consolidated sales fell 2.2 per cent, from ¥689.7bn to ¥669.7bn - 5.7 per cent below the company's initial forecast of ¥710bn.

Recurring profits, however, were ¥2.08bn, rather than break-even as Mazda had forecast, helped in large measure by favourable currency movements and the sale of securities.

Mr Gary Hexter, Mazda's senior managing director,

said that while the company had faced severe competition in the Japanese market, he was confident it would increase its market share in the second half of the year.

Mazda, which launched a successful small recreational vehicle in Japan this year, has suffered from poor sales of its bread-and-butter Familia sedan and Carol minicar. As a result, Japanese sales in unit terms dropped nearly 13 per cent.

Overseas, Mazda increased sales nearly 3 per cent, because of a rise in commercial vehicle exports.

The company is expecting flat full-year sales of ¥1,450bn and recurring profits of ¥11bn.

In contrast, Honda said net income rose from ¥24.2bn to a record of ¥24.5bn, while consolidated sales rose 27 per cent from ¥1,954.9bn to ¥2,478.5bn. Pre-tax profits quadrupled, from ¥40.8bn to ¥182.4bn.

Honda attributed its results to the success of its



The Legend, part of the Honda range: the group expects full-year net profit of ¥200bn

recent launches - mostly recreational vehicles - on the domestic market.

The Odyssey, Honda's popular minivan launched in the autumn of 1994, was the best-selling car in the first half, although sales have

since declined. Cost-cutting was another favourable factor. Honda expects to achieve cost cuts of ¥70bn for the full year.

The company also performed strongly in overseas markets. In North America,

where it faced a shortage of the Civic owing to strong demand, the Accord family sedan and Acura luxury models sold well.

Accord sales in the region climbed 13 per cent in unit terms, while unit sales of

Acuras were nearly 10 per cent higher in the first 10 months of the year.

In Europe, sales of the European 5-door Civic were 28 per cent up and those of the European Accord were 30 per cent higher. Honda said.

The company is forecasting record consolidated sales for the full year of ¥5,100bn and pre-tax profits of ¥345bn. Net profits are also expected to be a record, at ¥200bn.

Isuzu, the truck maker 37.4 per cent owned by General Motors of the US, reported a 25 per cent drop in recurring profits on lower sales.

The group said demand for large trucks had fallen sharply as a result of the sluggish recovery in Japan. Sales for the year fell 4 per cent, from ¥598.7bn to ¥576.7bn, while recurring profits declined from ¥14.5bn to ¥10.8bn. Net profits were down 82 per cent at ¥4.2bn.

INTERNATIONAL NEWS DIGEST

Sumitomo credit rating downgraded

Sumitomo Corporation has had its credit rating downgraded by Moody's Investors Service, the US rating agency, over worries about its continuing losses from irregular copper trading. Moody's yesterday announced it had lowered the senior debt rating of Sumitomo and its subsidiaries from A1 to A2. A downgrading by a large rating agency such as Moody's usually increases the cost of borrowing on capital markets for the company involved.

Sumitomo's problems became public in June, when it revealed that its senior copper trader, Mr Yasuo Hamanaka, had sustained huge losses through unauthorised trading. Mr Hamanaka now faces fraud and forgery charges. Sumitomo's losses on copper trades by Mr Hamanaka are estimated by the company to be \$2.5bn.

"The losses arising from the scandal will depress the company's earnings and financial flexibility," Moody's said. The new rating of A2, however, remains in the so-called "investment grade" range, denoting a strong payment capacity. The rating of Sumitomo's short-term debt was maintained at Prime-1, the highest rank on Moody's scale.

Samer Iskandar

LVMH pursues DFS plan

LVMH, the French luxury goods group, was pressing ahead yesterday with plans to acquire control of DFS, a duty-free shopping group, despite an intervention from Kohlberg Kravis Roberts, the US buy-out firm. KKR wrote recently to the four shareholders in DFS to express interest in bidding for the private company, according to one person who saw the letter. However, the buy-out firm gave no indication of the price it was prepared to pay, and made clear its interest was conditional on an agreement between LVMH and two of the shareholders being dropped, this person said.

LVMH said late last month that it had agreed to pay \$2.47bn for 58.75 per cent of the company. However, the two shareholders who between them own the rest of the stock - Mr Robert Miller and Mr Anthony Pillaro - objected to the transaction, and have tried to prevent the sale going through. Yesterday, the French company said its existing deal to buy the majority interest in DFS was irrevocable, and that it had no intention of waiving the agreement.

Richard Waters, New York

Aegon earnings advance 16%

Aegon, the Dutch insurer which controls Scottish Equitable in the UK, increased net profits 16.6 per cent to F1.10bn (\$650m) in the nine months to September and said it expected a similar rate of growth for the full year. Gross premium income was ahead 22.1 per cent at F1.247bn and investment income up 8.9 per cent to F1.483bn. With a slight increase in the contribution from its banking division, total revenues rose 17.2 per cent to F18.21bn. If the effects of exchange rate movements as well as acquisitions and divestments are stripped out, autonomous growth in revenues was 14.4 per cent and in net income 17.4 per cent.

Within the Netherlands, profits before tax rose 11.4 per cent to F1.83bn despite a F1.70m provision which Aegon said it had established "mainly to cope with consequences of the conversion to the euro and for data processing expenses related to 2000". ABN Amro, the biggest Dutch banking group, recently charged F1.00m against first half profits for outlays related to European monetary union, and also to the millennium problem, which affects the date clocks in computers.

Gordon Crabb, Amsterdam

Renault nine-month sales flat

Company	Sales	% change
Renault	66.9	-0.3
Peugeot	40.8	9.5
Fiat	34.4	5.1
Toyota	23.7	2.3
Kia	13	5.6
Subaru	11.1	-7.7
Mitsubishi		
Source: companies		

Renault, the French automotive manufacturer, said sales fell 0.3 per cent to FF138.8bn (\$26.8bn) in the first nine months of the year, from FF137bn a year earlier. Third-quarter sales were FF41.7bn, up from FF40.7bn a year earlier. Sales by the company's commercial vehicle division dropped 10.3 per cent to FF21.75bn in the nine-month period, and would have to continue to cope with depressed markets in Europe and the US in the fourth quarter. Renault said its negative contribution to operating results would therefore be "considerably more pronounced than anticipated". The French vehicle market was strong in the third quarter before government incentives for the purchase of new cars expired, but is now expected to contract.

AFX News, Paris

Telekom warned on issue price

By Michael Lindemann and Nicholas Denton

Leading investment banks were last night battling to persuade Deutsche Telekom not to price its share issue too aggressively, in case this upset the after-market.

Shares in Deutsche Telekom, Europe's biggest telecoms operator, are due to be listed on stock exchanges around the world on Monday. The shares will be priced between DM25 and DM30, according to a pre-set price range.

The German telecoms operator, which is determined to raise as much

revenue as possible and increase the size of the issue by 20 per cent this week, is hoping to price the issue as close to DM30 as possible.

However, executives close to the issue said the investment banks were pushing for a lower price, of between DM28 and DM29. They fear that if the shares are seen as too expensive, their price will fall in the after-market.

"I don't think we will have a three before the figure but I don't think it will be much below that," said one Frankfurt banker, reflecting Deutsche Telekom's determination to set as high

a price as possible. "It's going to be quite a battle."

Deutsche Telekom is intent on maximising its receipts, partly because it is burdened by net debts of DM98bn (\$65.3bn), the second-biggest corporate debt mountain in the world. Having increased the issue to a maximum of 680m shares, the group will raise DM20.7bn if the shares are sold at DM30.

Originally, Deutsche Telekom hoped to raise DM15bn from the issue, the first of two tranches which it will place on stock markets before 1999.

Other bankers, however,

suggested that Deutsche Telekom's pricing ambitions had been toned down after presentations to US institutional investors, the group that is traditionally most sensitive to unrealistically priced issues.

"Deutsche Telekom's executives have got the message straight from the horse's mouth," said one London banker, who expects a final price of DM28.50.

"US investors are very concerned about pricing that is too aggressive. The shares have to be priced at a level which will leave some realistic demand out there in the markets."

Telecom NZ rise prompts buy-back

By Terry Hall in Wellington

Telecom New Zealand plans to spend NZ\$1bn (US\$710m) buying back its own shares to strengthen its balance sheet and reduce the cost of capital.

The company said yesterday the move was prompted by strong earnings, which rose 6.8 per cent to NZ\$360.9m, in the six months to September 30.

Earnings would have been higher but for problems in its Pacific Star Australian subsidiary, which is facing intense competition. Mr Rodrick Deane, Telecom New Zealand chief executive, said "managed run-down" of Pacific Star was under way with the emphasis on cutting costs. Some or all of the operations would be sold.

Pacific Star fell into losses of NZ\$22.5m in the latest period, after an NZ\$8.5m profit last year.

Excluding the effect of Pacific Star, Telecom increased net earnings 10.7 per cent to NZ\$383.4m.

Bell Atlantic and America, which own 49 per cent of the company, are to sell sufficient shares in the buy-back to maintain the same level of ownership. If the necessary regulatory con-

sult is obtained, the remaining shares will be bought in the market over 12 months from February, to ensure the scheme does not distort the market.

Mr Deane said the repurchase scheme should be positive for the company's shareholders, of whom 70 per cent are in the US and 10 per cent in the UK.

He said the company intended to retain a strong balance sheet, and might organise further share buy-backs in the future.

Mr Deane said the buy-back would be tax free, as the New Zealand tax authorities accepted it would make the company more efficient and give it greater financial flexibility. It would not have any impact on the company's policy of paying maximum dividends.

Yesterday's quarterly dividend rose 1 cent to 9.5 cents. Mr Deane said Telecom had performed strongly in a flat economy.

Operating revenues showed "pleasingly robust growth", rising 8.1 per cent to NZ\$1.66bn.

Revenues from local services had risen 5.8 per cent, international calls 3.4 per cent, international calls 3.8 per cent, and enhanced network services 43.8 per cent.

Railtrack posts 75% advance

By Charles Batchelor, Transport Correspondent

Investors in Railtrack, owner of the track, signalling and stations on Britain's rail network, were rewarded yesterday with a 38p rise in the company's share price to a high of 323p after it announced a 75 per cent rise in first-half pre-tax profits to £173m (\$287.7m).

The figures come only six months after Railtrack was floated as part of the government's privatisation programme.

"These are excellent results," said Mr Richard Hannah, an analyst at UBS. "This is just the start, but it shows what a few years of serious cost-cutting by management could achieve. The stock is poised to be re-rated."

Railtrack's operating profit rose 13 per cent to £169m. Earnings per share increased to 29p from 27.8p, and the interim dividend was raised to 7.5p from 6.5p. As well as pleasing investors, Railtrack also appears to be improving the lot of

rail travellers with a 30 per cent reduction in delays.

However, despite increasing investments by £107m to £409m in the six months ended September 30, it is still failing to spend as much as planned on improving track and repairing neglected stations.

Mr John Swift, the rail regulator, is to meet Mr John Edmonds, Railtrack's chief executive, next week to identify without delay the means by which the company will produce plans to eliminate the backlog.

Railtrack was also unable to please some of its critics. Mr Andrew Smith, Labour party transport spokesman, accused the government of failing to ensure that Railtrack served the public interest. "It takes in notoriously high charges from train operators but is under no obligation to invest any of this to improve the network," he said.

Labour has threatened to impose tighter controls on Railtrack to ensure that it invests more of its profits. See Lex, Page 24

Meteor expansion

Meteor Technology, the UK Internet telephony group, is acquiring further rights to distribute DigIPhone software via a deal with Camelot Corporation of the US.

The Aim-listed group will now hold rights for DigIPhone - which enables voice communication over the Internet - worldwide except for North America. Camelot will receive £1m of convertible loan stock and will subscribe for a further £1m for cash. On conversion in 2001, Camelot will own about 19 per cent of Meteor.

Cox Insurance warns of lower final

By Michael Lindemann

Cox Insurance, the Lloyd's group, has warned that its final dividend will be lower than expected because it needs the money for further expansion.

Although interim pre-tax profits jumped from £573,000 to £2,982m for the six months to September 30, Mr Michael Dawson, chief executive, said the group could not afford a higher pay-out.

"We are enhancing our earnings but we are in a period of development and are looking to use part of the

profits to grow the business," Mr Dawson said. "We are a developing company in a rapidly consolidating market."

Mr Dawson also warned that Cox Insurance faces an annual charge of about £1.2m, a levy which Names at Lloyd's - members who support the insurance market by pledging their own wealth - will pay to fund the £300m bridging loan agreed as part of the Lloyd's reconstruction.

Mr Dawson described the charge as "disappointing". The charge is a 1 per cent

levy on Cox's 1997 dedicated capacity of £120m.

Cox Insurance shares remained unchanged at 165p.

Turnover on continuing operations rose to £3.85bn after Cox bought the outstanding 75 per cent stake in Cox Agency Holdings, the Lloyd's agency in which it had previously held a 25 per cent stake.

Investment income rose to £1.35bn, up from £397,000 during the same period a year ago.

Earnings per share were 4.1p, up from 1.9p last time.

The group will pay a special interim dividend of 1.75p.

James Capel, the house broker, is forecasting full-year pre-tax profits of £12.7m (\$1.5m), excluding any exceptional items relating to one-off Lloyd's commissions.

Earnings per share, excluding exceptional items, are forecast at 10.88p.

Lowndes Lambert Group, one of the 20 largest international insurance brokers, is to buy Nor-Risk, the Norwegian insurance broker, for a maximum of £1.4m cash.

Approaches prompt share rally at Formal

By Christopher Price

Formal Group yesterday said it was in takeover talks with a number of companies which could "significantly increase the size and profitability of the group".

The UK-based men's clothing retailer made the announcement, which was accompanied by an encouraging trading statement, in response to a sharp fall in its share price over the past two weeks. The shares rallied 8p to 46 1/2p yesterday.

The board said it knew of "no particular reason" for the recent fall, although it noted there had been very light volume traded. Since the start of the month, the shares have dropped from 54p to 38p, prior to yesterday's announcement.

Like-for-like sales were running 23 per cent higher, the company said, while year-on-year they were 47 per cent ahead.

Last month, Formal placed its Pronuptia bridalwear subsidiary in administration. The company said yesterday the interim results, expected at the end of this month, would include both a final contribution and closure costs from the move, as had previously been indicated.

Formal was formed earlier this year after a refinancing following the takeover by Brackendridge, the bridalwear company, of Langside Hire, the formal wear hire chain. It acquired Blakes menswear in July and said yesterday the division now accounted for 75 per cent of group sales.

The company, which trades on the USM, incurred pre-tax losses of £2.36m last year.

Only the 18 bridalwear stores owned by Formal were affected by the move. A further 42 franchised Pronuptia outlets are continuing to trade independently.

Courteous Virginian who cuts a quick deal

Mr Thomas Capps, chairman, president and chief executive of Dominion Resources, was concerned that his £1.3bn takeover of the UK's East Midlands Electricity had not been "courteous" enough.

On the day the US utility announced the agreed bid, he turned to Sir Nigel Rudd, chairman of the target, and apologised for not having picked up the phone and told him what was going on.

Instead, the Virginia-based group had been forced to reveal its bid intentions almost a week before it first approached East Midlands by a sharp rise in the target's share price.

Sir Nigel did not show any sign of resentment at the supposed slight.

By the time the deal was struck, the offer price was 10 per cent higher than Dominion had originally indicated it had wanted to pay.

During his five-day stint in the UK, Mr Capps brought his company's biggest ever deal to a rapid conclusion while appearing keen to do the decent thing.

One UK broker described the Dominion team as "good honest Virginian utility managers", while their Tues-

Jane Martinson talks to the head of Dominion Resources

day night deal was described by an adviser as "easily the quickest I've ever done". The agreement over price helped of course.

Before flying back to Virginia yesterday, Mr Capps described himself as "laid back, impatient, sometimes with a short attention span".

The 61-year-old visited East Midlands' staff on Thursday "just to show that there is a Yank that doesn't have cloven hooves and a pointy tail".

In spite of confessing an inability to drink the UK's beer without ice cubes, Mr Capps wanted to reassure people - uneasy during a time of change - that "we wear shirts and ties and shoes like anybody else. We're not aliens".

An energetic man - he has run 30 miles a week for the past 21 years - Mr Capps believes in "management by walking around".

Despite his seemingly effeminate approach, there has been upset in the past.

Two years ago, the relationship between five direc-

tors and Mr Capps was so bad that it led to a dispute with the US regulators.

The five accused Mr Capps of bad faith and interfering in the management of Virginia Power.

Mr Capps says that this disagreement was mainly caused by having two former chairmen on the board and a "difference in philosophy". It has now been resolved.

The group runs a "goals committee" to help decide on policy. Mr Capps is keen to stress that while the ultimate decision to pursue East Midlands, taken at the beginning of this year, was his, there were 30 people working on the project.

"In the 90s - and I really believe this - it's going to be the team approach, because things are going to get so complicated," he says.

He is particularly proud of diversifying Dominion's activities away from its utility core. The group, which he joined in 1984, now oper-



Thomas Capps: believer in management by walking around

ates independent power plants in the US and Latin America, produces gas and has a financial services and real estate division.

His plans for East Midlands, which has disposed of its non-core businesses over the past few years, will at first concentrate on its distribution and supply businesses. After "adding value there", the group could start diversifying into financial services.

At the time of the boardroom fracas, Mr Capps was thinking about retiring at

the end of 1996. He now has a contract which lasts for another three years. "I was thinking about it," he says, "but I've got to stay on now."

Rather than staying on the board following retirement he thinks he has "a couple of mysteries" or detective novels in him.

After his week in London Mr Capps will chair a board meeting on Monday at Dominion Energy, one of the group's subsidiaries, to decide whether to buy a small gas company.

Isetan doubled and upbeat

Isetan, one of Japan's more fashionable department stores, nearly doubled unconsolidated pre-tax profits to ¥2.97bn (\$21.2bn) in the six months to September. The group, which is best-known for men's and women's fashion apparel, has been winning new customers by expanding its merchandise range and increasing the discount on its own brand credit card.

Half-year sales rose nearly 9 per cent to ¥210bn, even though Isetan's flagship store in Tokyo's Shinjuku district - one of the top earning stores in the industry - was closed for refurbishment during the period. Isetan's sales performance also compares favourably to figures from Japan's Department Stores Association, which show a 1.9 per cent rise in Tokyo department store sales during October. Net profits jumped to ¥10.5bn owing to a change in accounting policy on reserves for retirement allowances. The group expects profits before tax up from ¥7.2bn to ¥9bn for the year to next March, based on a 6 per cent rise in turnover to ¥440bn.

Daniel Bögler, Tokyo

Japan Tobacco lifts margins

Japan Tobacco, the Japanese cigarette manufacturing monopoly, yesterday reported a rise in profits on almost stagnant sales in the first six months of the year, and forecast increased earnings for 1996.

Turnover in the six months to September rose 0.4 per cent year-on-year to ¥1,965bn. Recurring profits - before tax and extraordinary items - rose 10.5 per cent to ¥75.14bn, as earlier cost cuts allowed Japan Tobacco to increase operating margins. Net profits, however, rose at the same rates as sales, 0.4 per cent, to ¥39.9bn. For the year to next March, Japan Tobacco forecast a 2.2 per cent rise in recurring profits to ¥119bn on turnover down 0.2 per cent to ¥2,854bn.

William Dawkins, Tokyo

Pioneer loss deepens to ¥10bn

Pioneer Electronic, the Japanese consumer electronics group, posted first-half pre-tax losses of ¥10.03bn (\$90m), made worse by restructuring charges, against a loss of ¥6.98bn a year ago. Revenues rose from ¥240.7bn to ¥265.2bn. Losses per share were ¥20.65 against a loss of ¥23.70. The group passed its dividend. A year ago it paid ¥7.5 per share.

Pioneer said domestic sales were pressured by weak demand for commercial karaoke products, despite higher sales of audio products and car navigation system products. Offshore sales rose to ¥170.8bn from ¥154.1bn, with domestic sales falling to ¥94.9bn from ¥86.6bn yen a year earlier.

AFX Asia, Tokyo

COMPANIES AND FINANCE: UK

Triplex in hostile bid for Wm Cook

By Richard Wolfe, Midlands Correspondent

Triplex Lloyd, the industrial engineering group, yesterday launched a hostile bid for William Cook, which valued the Sheffield-based castings producer at £57.7m.

Triplex Lloyd, which also specialises in castings, accused William Cook of "losing its ambition" after two share buy-backs in the past two years, and an aborted acquisition in 1991.

The bid came as William Cook was scheduled to hold an EGM yesterday to discuss a long-term incentive plan for the company's executives, which involves the purchase of 2m, or 10 per cent, of William Cook shares.

William Cook rejected the bid as an attempt to buy the company "on the cheap".

Mr Andrew Cook, chairman, said: "Triplex Lloyd have made no attempt to

talk to us, which is frankly silly because it is going to cost them dearly. There is a wholly wrong perception that we are going around rudderless, but my team is in fact totally dedicated to wringing every last penny out of the business.

"This is a ludicrously cheap price for our shares which were already undervalued. That is why we diverted some cash into buying the shares back."

However, Triplex Lloyd - advised by Schroders - argues that William Cook has lost its growth strategy after the failed takeover of Unitcast of the US in 1991, and the aborted acquisition of Telfos, the UK railway engineering company, in the same year.

Last November, William Cook - advised by NatWest Markets - bought back 10 per cent of its shares at 25p. In October, the company bought a further 5.5 per cent at 24p.

Mr Graham Lockyer, chief executive of Triplex Lloyd, said: "William Cook did quite a good job in the 1980s of bringing steel casting foundries together. But in the 1990s it is evident that any strategy of growth has disappeared.

"This offer makes tremendously good sense for us. We believe it has great opportunities for getting growth back into this business, with lots of complementary markets and customers. It is also relatively low risk because it is in our core competence of casting."

Triplex said it could generate new sales in the petrochemical markets, worth an extra £1.5m in profits a year. It last week reported interim pre-tax profits of £6.25m on sales of £98.4m.

In the six months to September 28, William Cook reported pre-tax profits of £3.98m on sales of £58m.

Triplex Lloyd is offering seven new shares and £13.50



Graham Lockyer: 'The offer is relatively low risk as it is in our core competence of casting'

for every nine William Cook shares. The bid values each William Cook share at 30p, with a fully underwritten cash alternative of 29p.

William Cook shares closed up 84/4p at 32p yesterday, while Triplex Lloyd shares rose 1/4p to 308 1/2p.

Lloyd issuing 14.5m new shares, or 18 per cent of the new share capital, as well as a cash payment of £28m from bank facilities.

NEWS DIGEST

EMI buys stake in US rap label

EMI Group is to expand its music repertoire with the purchase of 50 per cent of California-based Priority Records in a deal understood to be worth about \$50m (£30.3m).

Priority specialises in rap and urban music with artists such as Ice T, Mack 10 and Master P. The label, which has about 1.2 per cent of the US record market, also has a substantial back catalogue covering rock and pop artists.

Last year, Priority had gross sales of \$92.2m. It also had net liabilities of \$15.2m. EMI said its financial backing for the label would enable it to sign other artists, purchase catalogues and enter into distribution deals with other independents.

EMI already has a licensing and manufacturing agreement with Priority, which was also extended yesterday. The label, based in Hollywood, will continue to act as an independent company.

Haden director departs

Haden MacLellan Holdings, the diversified engineering group, yesterday announced the departure of its finance director after admitting it needed someone with a "different set of skills".

Mr Nigel Reed, who received pay and benefits of £197,000 last year, was said to be negotiating a compensation package based on his 18-month contract.

The move follows the completion of a wide-ranging restructuring at Haden, involving the sale of non-core businesses and the concentration on paint shop equipment and industrial fasteners.

Mr Richard Taylor, chief executive, said: "Nigel made a significant contribution while we have been rationalising the business. But he recognised someone else was needed for the future." He refused to give any details of Mr Reed's likely pay off. Mr Reed, formerly finance director at Thomas Cook, is expected to leave Haden early next year. The company said it had begun the search for a successor.

Upturn at Pace Micro

Pace Micro, the manufacturer of digital satellite television receivers, expects results for the first half of the current year, due at the end of this month, to be "ahead of our initial expectations".

Mr Steven Jones, finance director, said the increase in global demand for digital receivers would be the main reason for bigger than anticipated profit growth.

Yesterday's annual meeting was told that the June flotation had put the company in a strong position.

Mr David Clayton, broker at BZW, kept his full year pre-tax profit forecast unchanged at £27m, with earnings per share of 3.4p and a total dividend of 3p.

Apta in takeover talks

Apta Healthcare, the Midlands-based nursing homes operator, yesterday announced that it was involved in talks over a potential offer "unlikely to be at a significant premium to the current share price".

Mr Graham Baker, finance director, said the announcement was made in reaction to the rise in the shares, which have gained some 30 per cent in the last week.

He said the directors own about 25 per cent of the company and Mr Trevor Price, chief executive, owns "the bulk" of this. Apta has about 1,100 nursing beds. The shares rose 1/4p to 16 1/2p.

Flextech losses reduced

Flextech, the cable and satellite television channel provider, cut its losses sharply in the third quarter as extra revenues were generated by Home Shopping Network Direct, its television shopping channel.

The pre-tax loss for the quarter was £3.8m (£5.7m). Turnover rose from £3.5m to £20.9m, also partly boosted by the consolidation of revenues from The Family Channel - which was an associated channel until April - and the launch of the Sega Channel in June.

Flextech said it was still on track to sign a joint venture agreement with the BBC by the turn of year, to create a series of subscription channels for the UK market.

Cost cuts benefit Plasmon

Cutting costs helped Plasmon triple interim pre-tax profits from £142,000 to £447,000 following the optical data storage company's flotation in July.

Jukebox shipments to IBM led to a turnover rise of 36 per cent to £15.6m (£11.5m) in the six months to September 30.

Henderson Crosthwaite, house broker, kept its pre-tax profit forecast for the full year at £2.1m.

Aukett back in black

Improved margins and satisfactory trading helped Aukett Associates, the building design group, return to the black with full year pre-tax profits of £30,000 against a loss of £276,000.

The company is calling for £1.76m via a 13-for-4 rights issue of 44.3m shares at 5p, and is also proposing a sub-division and to apply for a reduction in its share capital. Each of the existing 13.6m ordinary shares will be sub-divided into one new 1p ordinary share and one deferred 4p share which will effectively have no value. Shareholders' consent will be sought at the AGM.

The shares remained unchanged at 9 1/2p.

Sharp increase for Symonds

Symonds, the electronics and engineering group, yesterday announced interim pre-tax profits more than tripled from £517,000 to £1.62m.

Mr Jim Symonds, chief executive, said growth had come from both acquisitions and organic growth and that the company was "continually looking for opportunities" for further purchases. Expansion would initially be limited to the UK.

Turnover in the six months to September 30 climbed to £12.8m (£5.54m), of which £2.76m was from acquisitions. The company acquired Osborne Holdings for £4.8m in October raising gearing - which at the end of the period stood at 61 per cent - to about 160 per cent. Interest cover is at 11 times. Net debt at September 30 stood at £3m.

Invesco announces departure of executive and restructure

By William Lewis, Investment Correspondent

Invesco, the UK fund management group which is buying AIM Management Group of the US for £1.5bn (£960m), yesterday announced the departure from the board of Mr Norman Riddell, one of its executive directors.

It also announced changes to the group's operational structure, resulting in Mr Michael Benson, formerly head of the Pacific region, becoming head of the new group's non-US operations.

Earlier this month, Invesco said that it was paying the privately owned Texas-based AIM £1.1bn in shares and \$50m in cash, leaving AIM shareholders with 45 per cent of the new company. The new group, to be known as Amvesco, will have more than \$150bn under management, making it one of the five largest fund managers in the world. Last week, Invesco announced a £119m 1-for-5 rights issue to help the takeover of AIM.

Invesco said that "in order to focus the new group's non-US operations and to

emphasise the importance which is attached to them", Mr Benson would head its new global division. Non-US funds under management currently stand at only about 10 per cent of the total, but the company intends to expand its international activities rapidly.

Mr Benson, who is currently based in Hong Kong, is to work out of Invesco's London office.

Analysts welcomed the decision to locate the headquarters of the new division in London. It follows announcements by Klein-

wort Benson Investment Management and Barclays that control of their fund management operations was to be moved from the City of London to San Francisco.

Invesco said that Mr Riddell's resignation from the board was unconnected with the restructuring. He will be leaving at the end of the year, but has agreed to remain "in an advisory capacity" until June 30 1997.

Mr Tristan Hillgarth, who joined Invesco in 1990, is to become chief executive of Europe reporting to Mr Benson.

BT seeks to drop its golden share

By Jane Martinson

British Telecommunications is to talk to the government about cancelling its so-called golden share, which offers protection against takeovers.

If the restriction is lifted it could help the group gain approval from US regulators for its proposed merger with MCI, the second-largest US long-distance operator.

A source close to the Federal Communications Commission, the US telephone regulator, indicated last night that lifting the golden share restriction could help the merger get the go-ahead.

"The US government does not own any shares in US carriers and doesn't have any veto over the board," he said. "Certainly it wouldn't hurt to eliminate that [the golden share] as an issue."

He stressed, however, that BT's ownership was merely one issue among many being considered by the commission.

BT said yesterday that it was talking to "lots of people about lots of things" concerning the "complex" deal. The government was likely to be one of those parties.

BT two weeks ago agreed to buy the 80 per cent of MCI

it does not own for more than \$20bn (£12.1bn) in cash and shares. The merged entity will be known as Concert and will be the world's fourth largest telecoms company by sales.

In order to gain regulatory approval in the US it needs to pass the FCC's "effective competition opportunities" test.

Analysts believe that the issue of how easy it is for US companies to operate in the UK telecommunications market could be more important than their ability to buy BT. Mr Mark Lambert, telecoms analyst at NatWest Securities, said: "The issue with the regulators is much more to do with opportunities for the companies in foreign markets than the ownership of BT."

The golden share, which has existed since BT was privatised 12 years ago, was called "archaic" by another analyst.

Analysts suggested that if the golden share is lifted in BT it would also have to be removed from Cable and Wireless. The smaller group, with a market value of £10.6bn, would be a much more likely takeover target.

See Lex, Page 20

Inspirations warns again and may omit dividend

By Scheherazade Daneshkhu, Leisure Industries Correspondent

Inspirations, the tour operator with 4 per cent of the package holiday market, yesterday issued its second profits warning in six weeks.

Analysts speculated that the company, in which 40 per cent of the shares are held by the management, looked vulnerable to takeover or merger.

The company floated on the USM at 100p in 1993. Its shares fell 8p to close at 73 1/2p last night.

Inspirations said results for the year to September would be "substantially below market expectations" and it was reviewing whether to pay an ordinary dividend. It paid an interim of 0.75p and a total last year of 3.5p.

Analysts cut forecasts from £7.7m pre-tax before the first profits warning, to a

£13m loss yesterday. Inspirations said adverse publicity resulting from peak season flight delays had led to losses in its tour operating division in September.

It was still in talks with British Airways, its aviation and maintenance supplier, to help the takeover of the late delivery of aircraft which had led to peak season flight delays. The total cost of the aviation and maintenance disruption was £14m, it said.

Mr Vic Fatah, chief executive, said capacity for next year had been cut. "This is a disappointing year for us and it makes sense to consolidate rather than expand," he said.

Analysts said the company's balance sheet was robust with year-end net cash balances of £41.3m following a convertible preference rights issue in July which raised £12.1m net: the

first preference dividend will be paid on January 1.

Meanwhile Thomas Cook, the third largest travel agent, said this week it intended to sell its 11 per cent stake in First Choice, the tour operator which experienced a boardroom upheaval this week when Mr Francis Baron, chief executive for three years, was asked to resign.

Mr Ulrich Zierke, chief executive of Thomas Cook, said: "We're in no rush to sell; we'll wait until the time and price is right."

Thomas Cook took a 21 per cent stake in First Choice - then Owners Abroad - in 1993, paying 150p a share. But after a deterioration in relations, it purchased Sunworld, the fifth largest tour operator, this year. It took a £20m loss last year by writing down its investment in First Choice to 89p a share. First Choice shares shed 2p last night to 58 1/2p.

Bolt-ons and growth aid Clyde Blowers

By James Suxton

Acquisitions and organic growth helped Clyde Blowers, the fast-growing Glasgow-based engineering group, increase profits 49 per cent and turnover 63 per cent.

Pre-tax profits were £2.32m (£1.56m) on sales which rose from £27.7m to £45.2m in the year to August. Some £10.6m of turnover and £420,000 of profit came from acquisitions.

Clyde Blowers makes materials handling equipment and soot-blowing machines for improving the efficiency of boilers. Sales in materials handling increased 73 per cent, of which 21 percentage points was organic growth with the rest from the purchase in 1995 of Richard Simon, a weighing and packing equipment maker.

Sales in the soot-blowing division rose 37 per cent as it moved from a pre-tax loss of £1.69m to a profit of £901,000. The division is being boosted by the acquisition after the year end of Bergemann, a company that operates in Germany and the US, and had turnover in 1995 of about £20m.

To finance the purchase, Clyde Blowers raised £13m through a 2-for-3 rights at a 28 per cent discount.

Mr Jim McCall, chairman and chief executive, said the group's order book was strong. The speedy integration of Bergemann would give scope for cost cuts and margin growth.

Earnings per share were up 73 per cent at 21.32p (12.32p). A final dividend of 5.33p makes a total of 8p, up 33 per cent.

General Cable chief in appeal to regulators

By Raymond Snoddy

Sir Anthony Cleaver, chairman of General Cable, the French-controlled telecommunications group, has appealed to regulators to look carefully at any future joint action between British Sky Broadcasting and British Telecommunications.

Sir Anthony welcomed the fact that Ofcom had issued a provisional order requiring BT to stop promoting a joint offer with BSkyB involving a Family and Friends discount scheme.

"We remain concerned that these two operators, who are dominant in their respective markets, should not act in concert to the detriment of developing competition in either market," he argued.

BSkyB has been talking to BT about a possible deal where BT would be involved in launching interactive services - such as home shopping and home banking - on digital satellite television in

return for helping to subsidise the initial price of "black box" decoders.

Sir Anthony issued the appeal as General Cable announced its results for the nine months to the end of September.

The operating loss deepened from £14.8m to £19.1m reflecting the deficit from Yorkshire Cable Group, now under full ownership, and increased depreciation and interest charges as the group's cable networks continued to be built.

Total turnover rose by 48 per cent to £66.6m.

Operating cash flow improved to £5m against a loss of £3.6m.

Business telecommunications contributed 24 per cent of revenues, residential telephony 45 per cent, and television 31 per cent.

The company has installed 157,000 residential telephony lines and 29,000 business exchange lines and has 135,000 television subscribers.

Berisford plans stock buy-back

By Jane Martinson

Berisford, the kitchens and joinery group, has decided to bow to shareholder pressure and spend most of its £110m cash pile repurchasing some of its convertible loan stock.

The group announced yesterday that it would buy the loan stock at the same time as announcing its annual results next Friday.

Mr Jonathan Findler, appointed Berisford's finance director in July, said that the group believed a buy-back was a good way of enhancing

shareholder value.

The group's ordinary shares rose 12p to 118 1/2p yesterday, its highest since it first announced it was considering a buy-back at the end of September.

The convertible loan stock, worth a nominal £1 when issued, gained 5 1/2p to close at 60 1/2p. In total £350m of the stock was issued to fund the acquisition of Welbilt, Berisford's US subsidiary.

Berisford repeated that annual pre-tax profits before exceptional restructuring charges would be less than £25m.

Black Arrow jumps 40%

A combination of stringent cost controls and greater concentration on its own products helped Black Arrow, the office furniture and finance group, achieve a 40 per cent improvement in first-half pre-tax profits.

The advance was achieved despite a 7 per cent reduction in turnover.

Pre-tax profits for the six months to September 30 rose to £1.25m (£93,000) struck from turnover of £9.8m (£10.5m).

The interim dividend is increased by 20 per cent to 1.2p (1p) to help redress the disparity between interim and final pay-outs.

Babcock's Rosyth deal finalised

By Tim Burt

The government has agreed the sale of Rosyth naval dockyard in Scotland to Babcock International following more than two years of negotiations with the engineering, facilities management and materials handling group.

Babcock, which already manages the yard under contract, is expected to pay £25m-£30m for Rosyth, one of the main profit centres for its facilities management

division. "The negotiations have been concluded and we are currently considering the best way forward," the Ministry of Defence said yesterday.

It is thought the deal could be announced before Thursday, when Babcock is due to publish its first-half figures.

The company declined to comment on the acquisition, although it confirmed that Rosyth could rely on a full capacity order book stretching until 2002.

Most of the yard's future work involves refits for Royal Navy submarines and the planned overhaul for the aircraft carrier Ark Royal in 1998.

Contributions from Rosyth are expected to help lift first-half profits in process engineering in the second half of last year.

First-half profits of £19.2m last year were distorted by a £26m exceptional gain following the sale of a majority stake in Babcock's energy division to Mitsui of Japan.

£7.83m to £3.1m for 1995.

Most industry analysts expect the group only to break even in the first half, although that would represent a bounce back from heavy losses in process engineering in the second half of last year.

Company	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends	
						Corresponding dividend	Total for year
Asoco British King	15.4	(25.4)	1.44	(1.34)	0.08	0.12	0.06
Aukett Associates	9.1	(5.97)	0.03	(0.37)	0.02	(2.47)	0.01
Black Arrow	5.8	(10.5)	1.25	(0.83)	3.24	(2.31)	1.2
Clyde Blowers	45.2	(27.7)	2.33	(1.58)	21.32	(12.32)	5.33
Cost Insurance	6 mths to Sept 30	3.25	(-)	3.35	(0.37)	4.11	(1.2)
Drew Scientific	6 mths to Sept 30	1.21	(0.6)	0.08	(0.87)	0.32	(0.4)
General Cable	9 mths to Sept 30	36.6	(22.4)	21.2	(16.1)	7.41	(6.2)
King & Shewan	6 mths to Oct 31	(-)	(-)	(-)	(-)	(-)	(-)
Megaramedia	6 mths to Sept 30	1.52	(0.82)	0.89	(0.95)	1.14	(0.07)
Osce & Robinson	6 mths to Sept 30	12	(0.3)	2.55	(4.71)	3.57	(0.98)
Plasmon	6 mths to Sept 30	15.6	(1.5)	0.47	(0.14)	2.82	(-)
Railtrack	6 mths to Sept 30	1,204	(1,139)	173	(88)	29	(22.2)
Symonds	6 mths to Sept 30	12.8	(5.54)	1.52	(0.517)	2.33	(1.54)
Temple 5	9 mths to June 30	0.21	(0.147)	0.85	(0.53)	2.81	(5.7)

Investment Trusts	NAV (p)	Attributable earnings (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends	
						Corresponding dividend	Total for year
British Assets	120.8	(110.2)	18.5	(14.9)	5.74	(4.82)	1.23
F&C Special Units	88.5	(74.8)	2.38	(2.12)	4.73	(4.24)	2.55
F&C Special S Fund	120.6	(100.8)	0.8	(0.325)	3	(1.52)	1.5
Majestic	283	(248)	4.02	(3.42)	7.65	(6.5)	4.1

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. For increased capital. All stock 500m stock. Comparatives for 12 months to Sept 30. Includes 1.05p special. Comparatives for 6 months.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS
Concern on stocks of oil, copper

By Kenneth Gooding
Worries about stocks featured in two of the most important commodity markets this week...

BASE METALS
LONDON METAL EXCHANGE
ALUMINIUM, 99.7 PURITY (% per tonne)

This idea would not show up in official figures. Oil prices took a breather yesterday and the benchmark Brent crude price...

Precious Metals continued
GOLD COMEX (100 Troy oz. \$/troy oz.)

The question of whether statistics were telling the correct story was the main talking point in the copper market...

GRAINS AND OIL SEEDS
WHEAT LIFFE (\$ per tonne)

Mr. Lloyds, the general manager, said that some of this might be accounted for by statistical error but "we believe this analysis points to potentially significant stocks of refined copper in the Netherlands not previously reported by the bureau".

SOFTS
COFFEE LIFFE (\$/tonne)

Prices for oil products such as jet fuel and gasoline pushed higher after the American Petroleum Institute reported on Wednesday that product stocks had fallen 8,000 tonnes fall to take them to their lowest level for 6 1/2 years.

MEAT AND LIVESTOCK
LIVE CATTLE COMEX (cattle/tonne)

The extreme tightness of supply pushed the premium for copper for immediate delivery - compared with metal for delivery in three months - to \$100 a tonne yesterday.

ENERGY
CRUDE OIL NYMEX (1,000 barrels, \$/barrel)

Prices for oil products such as jet fuel and gasoline pushed higher after the American Petroleum Institute reported on Wednesday that product stocks had fallen 8,000 tonnes fall to take them to their lowest level for 6 1/2 years.

WORLD BOND PRICES

Table showing world bond prices for various countries including Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, and US Treasury.

Table showing weekly price changes for various commodities like Gold per troy oz., Silver per troy oz., Aluminum 99.7% (cash), Copper Grade A (cash), Lead (cash), Zinc (cash), Tin (cash), and various oil products.

Table showing US interest rates for Treasury Bills and Bond Yields across different maturities.

Table showing bond futures and options for France, Germany, and Italy, including notional values and open interest.

Table showing FT Fixed Interest Indices for various government securities and Gilts.

Table showing UK Gilts Prices for different maturities and types of government securities.

Table showing UK Indices for various market sectors and performance metrics.

Table showing US Treasury Bond Futures (CBT) and Notional Long Term Japanese Govt. Bond Futures.

Table showing other fixed interest indices and market activity across various regions.

MARKETS REPORT

By Lisa Bransten in New York and Samer Iskandar in London
US Treasury prices were weaker in morning trading, after a bullish week that has sent the long bond's yield down nearly eight basis points.

US INTEREST RATES

Signs of a weakening manufacturing sector in the report. Most European markets ended the week slightly higher, but the latest rally's momentum seemed to wane.

BOND FUTURES AND OPTIONS

German bunds suffered from profit taking before next week's expected release of data on monetary growth. Liffe's December bund future settled at 102.02, up 0.06 from Thursday but off its intraday high of 101.14.

LONG TERM FRENCH BOND OPTIONS (MATF)

Analysts have been predicting a rise in the interest rate easing cycle, and some feared that a failure of the rate of growth of the M3 aggregate to fall below the 8 per cent barrier could signal the return to a tightening mood by the Bundesbank.

FT Fixed Interest Indices

Government Securities (Gilt) 94.10 93.91 93.98 93.94 93.73 94.73 94.34 91.59
High rate composite: 135.07 131.35 135.42 135.38 135.53 134.45 130.74

UK Gilts Prices

Shorter (1m to 12m): 13.09 8.12 101.6
Each 10-year: 10.38 6.15 101.6
Each 15-year: 10.38 6.15 101.6

UK Indices

Index-linked: 100.1
5-day average: 102.5
All shares (12): 302.85 0.26 202.58 0.78 5.28

Other Fixed Interest

Notes: 100.1
100.1
100.1

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bonds with columns for Coupon, Maturity, Price, Yield, and Week Month ago.

LONG TERM FRENCH BOND OPTIONS (MATF)

Table showing long term French bond options with columns for Strike, Calls, and Puts.

ITALY

Table showing Italian government bond futures and options with columns for Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

GERMANY

Table showing German government bond futures and options with columns for Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

SPAIN

Table showing Spanish government bond futures and options with columns for Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

UK

Table showing UK government bond futures and options with columns for Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Other Fixed Interest

Table showing other fixed interest instruments with columns for Maturity, Price, and Yield.

Other Fixed Interest

Table showing other fixed interest instruments with columns for Maturity, Price, and Yield.

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COMMENT & ANALYSIS

FINANCIAL TIMES

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A sterling sweatshop

Mr John Major thinks the UK is now different from the rest of the Continent, and he wants to keep it that way. The Conservatives have not spent years deregulating the UK economy, he argued this week, to let it be swamped with pesky European directives on the hours people can work each week.

The debate has triggered a predictable war of words among the politicians. What Mr Major calls modern flexibility, Mr Jacques Santer, the president of the European Commission calls "a return to Dickensian sweatshops".

But beneath the barbs lies a serious question for investors seeking to judge where the UK economy is heading. Sweatshops or no, has Britain changed, or hasn't it?

Sterling's recent strength indicates that financial markets agree with Mr Major that the UK now differs sharply from the rest of the Continent. It is much less obvious that investors believe this marks a permanent rupture, either with the rest of Europe or with the UK's inflation-prone past.

The 7 per cent rise in sterling on a trade-weighted basis since early September could be driven by an upward re-assessment of the UK's long-term growth rate because of increased flexibility. Call it the sweatshop premium. But the evidence of the past few weeks suggests a more obvious explanation. This is that, unlike Germany and other European countries, short-term interest rates in the UK are expected to rise.

Consider, first, the recent behaviour of equities, which have rallied everywhere over the past month - except Britain. The Dow Jones Industrial Average has risen by around 5 per cent since the start of November. For its part the FT-SE 100 index, despite yesterday's slight recovery, has struggled to hold its ground. It closed yesterday 1.7 per cent lower than two weeks ago. This is not the behaviour of a market bowled over by talk of a UK economic miracle. It is, however, precisely what you would expect when investors think the government is about to have a slam on the economic brakes.

Vote of faith
This brings us to exhibit number two: recent movements in short-term money markets and sterling futures. Both are predicting that Mr Kenneth Clarke, the chancellor, will have to increase interest rates again in the near future to have any

hope of keeping inflation in check. Sterling futures contracts are discounting a 1 percentage point rise in base rates by June, to 7 per cent, with part of the increase coming before the end of the year.

One might, of course, consider this a vote of faith, if not in the UK economy, then at least in Mr Clarke's willingness to act against inflation. The market reaction to Wednesday's news that the government's target measure of inflation had risen to an annual rate of 3.3 per cent might well have been more dramatic if the chancellor had not raised rates two weeks earlier. But if investors really trusted the government to behave prudently in response to signs of overheating there would be no exhibit number three: the rising yield on UK government bonds.

Over-confidence

For the first time in living memory 10-year gilts are consistently yielding more than their Italian equivalents. The humiliation may not last long, and owes as much to Italian over-confidence as it does to UK pessimism. Bets that Italy will be an early member of the European single currency are partly to blame. The rest can be attributed simply to the two countries' very different points in the economic cycle.

Italy will struggle to achieve 1 per cent growth this year, with around a 1 1/2 per cent pace expected in 1997. In other words it is at the stage in the cycle bond markets like best. Between them the UK economic and political cycles now offer precisely the opposite. Indeed, it is hard to think of a combination of the two better designed to give bond traders the jitters.

For all Mr Clarke's attempts to build credibility, the sad fact is that investors are expecting the UK to run close to form. The betting is that the government will make the same mistakes as in the late 1980s, though not to the same extent.

The likelihood is that interest rates will rise a little, though not by enough to achieve the government's inflation target or to forestall a steeper rise on the road. Likewise this pre-election Budget may contain smaller tax cuts than others before it, but not the tax rises that might be needed to check domestic demand. With a 3 percentage point gap between UK and German short rates, "hot money" is pouring into sterling. This is a short-term bet, not a long-term vote of confidence.

Broken heart of Africa

Territory-hungry rivals may pick at Zaire as it collapses into chaos, warns Michela Wrong

It has been a long time since Zaireans had anything to feel proud of. For years, their capital Kinshasa has been a mess of rotting garbage and widening potholes.

They are despised by their fellow Africans. A flood of Zaireans claiming political asylum abroad has led foreign countries to adopt policies of prompt repatriation. In much of the world their nation is regarded as synonymous with corruption and anarchy.

Now the spectacle of the army being routed by a Rwandan-backed group of Tutsi-led rebels in the eastern province of Kivu has deepened the humiliation.

"As a Zairean I feel wounded to the core when I think that part of my country's territory is in Rwandan hands," says a student. "I am so ashamed."

Kinshasa has looked on helplessly as Tutsi rebels in the east have routed the ill-disciplined Zairean army and taken control of much of Kivu province. The rebels have been encouraged by Rwanda's Tutsi-led government, which has determined to clear out the Hutu militias which were responsible for the genocidal campaign in 1994 and have since used refugee camps in Zaire as military bases.

Western pundits are speculating about the long-term viability of Zaire as a state. Nervous government officials admit Africa's second-largest country has become a geographical buffet which territory-hungry neighbours may choose to pick at.

"So far all energies are focused on finding a scapegoat," says a western diplomat.

This is very convenient for some sections of society, since it deflects criticism from the obvious target: Zaire's armed forces. Few Zaireans, it seems, are asking why a force that has oppressed them for years collapsed so dramatically when put to the test by the Tutsi rebels.

The reason for that failure, analysts say, can be traced to the villa on the French Riviera where President Mobutu Sese Seko is resting after cancer treatment. The "Great Helmsman" who has held this country in awe for 31 years is dying.

As the Mobutu era appears to be drawing to an end, the generals are vying for position. The capital's gossip network - known as "Radio Trottoir" - spreads constant rumours that a coup is in the offing by this or that general.

When it came to a fight, the regular army, unpaid and near-mutinous, was never going to be much use. Ever since an attempted coup in the 1970s, officers from tribes outside Mr Mobutu's equatorial region have been purged and morale is low.

The only hope of putting down the Tutsi-led rebels lay with the elite forces Mr Mobutu had built up to ensure his personal protection: the presidential guard, the civil guard and the Sarm military intelligence force.

But after Sarm suffered heavy losses in the fighting on the eastern border, the other forces refused to back them up. Busy manoeuvring, the generals did not want to send men and weapons to Kivu.

"The generals thought Mobutu had gone and they had to preserve their positions," says a local analyst. "The presidential guard and civil guard did not agree to release arms to the east because they realised without those arms they could be wiped from the face of the earth."

The army has spread anarchy as it retreats across the country. Troops from Goma, where the fighting has been most intense, surfaced in the equatorial town of Kisangani, 500km to the west. They had driven hundreds of kilometres in cars stolen from aid organisations. Having pillaged along the way, they then spent



Zaire's burden: the heavy price of anarchy and corruption

several days looting Kisangani. Only Kasai, the diamond-rich central province which for years has barely recognised Kinshasa's authority, seems quiet.

Until recently, many Zairean politicians believed they would be saved by the arrival of a multinational force with the strictly humanitarian agenda of feeding the 1m Hutu refugees. By stopping the rebel operations, such intervention could allow the army to recapture lost ground and shore up the tottering regime.

But yesterday's apparent return of hundreds of thousands of refugees to Rwanda has suddenly changed the picture. With the longed-for repatriation on the copper-rich Shaba province in the south-east, he has already whipped up independence fever in his notoriously fractious home province, which has tried repeatedly to secede from Zaire.

Government officials say Tutsi fighters are already building an airstrip in the south. "What happened in Kivu could be repeated in Shaba," warns one.

There are reports of rebel operations in towns to the north of Rwanda near the border with Uganda, Zaire's long-time foe. Only Kasai, the diamond-rich central province which for years has barely recognised Kinshasa's authority, seems quiet.

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Armies find raison d'etre

The willingness of leading members of the UN to despatch a 15,000-strong force to assist hungry refugees in central Africa reflects a triumph for hope - or perhaps quiet desperation - over the bitter experience of recent years, writes Bruce Clark.

A wave of interventionist euphoria followed the end of the cold war. But the idea of international action to mitigate conflict has been tarnished by the manifest shortcomings of blue-helmet operations in Somalia and Bosnia that started with the best of intentions.

The Clinton administration's early keenness to revive the UN as an instrument of its foreign policy collapsed in October 1993 when 18 US soldiers were killed in Somalia after being drawn into a feud with a local warlord, Mohamed Farah Aidede.

UN credibility took another blow in 1995 when thousands of Moslem residents of the Bosnian town of Srebrenica were slaughtered in defiance of a UN resolution guaranteeing their safety.

But supporters of the mission to Zaire insist it differs in important respects from the ill-fated enterprises in the Balkans and the Horn of Africa.

First, command-and-control problems should be eased by the personal authority of Canada's General Maurice Baril, who is well respected at the UN and among western governments.

Second, the proposed mission to Zaire will simply be a UN-authorized multinational force - as opposed to a fully-fledged UN operation under the aegis of the Department of Peace-Keeping Operations. The department, responsible for about 25,000 peacekeepers in 16 trouble spots, does not have the capacity to coordinate a force with the speed which the Zaire crisis requires.

Many UN members have tried to change this. Canada, the Netherlands and Denmark recently revived their proposal for a rapid deployment force, or at least a mobile headquarters, to be placed at the UN's disposal.

But for now at least, there are clear advantages to bypassing the UN's permanent structure. As an ad-hoc multinational force, the mission to Zaire will be financed by those countries contributing troops. This avoids the dire financial problems of the UN peacekeeping budget.

And as one UN official noted, military officers in the western world want to show they have mastered the art of intervening in conflicts in ways that fall short of outright war. Such missions are likely to be among the main raison d'etres for armies in the post-cold war world.

LETTERS TO THE EDITOR

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Burundi endangered by sanctions

From Mr Adrian Jenvey.
Sir, While the world's attention is rightly focused on eastern Zaire, one consequence is that the process of economic strangulation playing out in Burundi now goes unremarked by the media. Column inches that were once devoted to Burundi now report the situation in Kivu.

decision of the US and EU in April 1996 to slash economic aid to Burundi was a primary factor in the collapse of the moderate, Tutsi/Hutu power sharing government and the return of military strongman Pierre Buyoya. The international community reacted to this change of government by imposing stringent new economic sanctions, pushing the economy further into a downward spiral. If these sanctions are maintained the Burundian economy will eventually collapse. This will trigger new social

unrest and violence. Newspapers will be able to switch column inches back to Burundi and the Quai d'Orsay will have a new excuse to shout "intervene, intervene". No useful purpose is served by forcing the collapse of the Burundian economy. However, lives could be saved by lifting sanctions now.

Adrian Jenvey, 2311 3B, 3011 PK Rotterdam, Netherlands

Breathe easy about births in Belgium

From Ms Margaret Jordan.
Sir, Emma Tucker's experience of childbirth in Belgium ("Out of line and in stirrups", November 9) was unfortunate but is by no means universal here. My four children were all born in Brussels between 1980 and 1989. I was not offered and did not ask for any medication during any of the births.

Yes, stirrups are used as matter of course. There are, however, compensations. At each delivery my own gynaecologist was in attendance, even though several children arrived in the early hours of the morning and one even made her appearance on Christmas Eve. But that's not all. Also present each time were my own physiotherapist and at least one midwife. How does this compare with the average level of care in the UK?

I also found Emma Tucker's statement that there were "no carefully coached breathing exercises" incredible. Antenatal classes are the norm here - and a physiotherapist will be at the delivery to help you to breathe through contractions.

I can only suggest that if Emma Tucker is planning to have more children in Belgium she contacts the Brussels Childbirth Trust here and finds a new gynaecologist. After all, under Belgium's medical insurance system, she is entirely free to do so.

Margaret Jordan, Avenue des Sequoyas 11, 1850 Kraainem, Belgium

Holograms will not halt Latin American CD piracy

From Miss Zakity Carmona-Martinez.
Sir, Re your article "Crack down on Latin America music pirates" (November 14), I believe the problem in Latin America is that people have a lower level of income than in developed countries. Having less to spend on things like CDs and cassettes, they do not care if they are buying an original or a pirated copy, but do care about the price.

store or at the supermarket. If they only want to get the lowest price available, they will look for the people who sell these CDs on the streets. So adding a hologram will not help avoiding piracy. It can be claimed that heavier punishments for copyright violation would reduce the problem. I do not think so. To stop street selling would require a policeman at every corner and such costs are too high for these societies compared to the benefits. I would suggest that a policy of retail price reductions should be

considered. It is impossible to compete with people who do not have to pay the authors for their copyrights, but it would allow these companies to gain a higher participation in the market. Adding holograms will only increase costs, and therefore prices, which will then make the problem worse.

Zakity Carmona-Martinez, Av. Seis 310, Col. Vertiz Narvarte, Mexico City, 03600 Mexico

Sweden has answer to reasoned debate on Emu

From Mr Douglas Ellison.
Sir, Sweden has recently published a 450-page report on the pros and cons of Sweden joining Emu. The pros and cons will substantively be the same irrespective of the time frame - the qualitative judgment as to their relative importance in a decision may change with respect to time,

but the factual content will be the same. Why can't the British people be presented with a straightforward analysis of the arguments for and against, along with the assumptions these are based upon, so that we can understand the nature of the beast? Opting out of a reasoned dis-

ussion on the subject is tantamount to admission that the subject will be decided upon political grounds and not what is best on economic grounds for the country as a whole.

Douglas Ellison, 52 Beaconsfield Road, London SE3 7LG, UK

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Armies find raison d'être

On Thursday night, Mr Iain Saville entered the lion's den. At a dinner of the City settlement managers who run the machinery of financial markets, he listened as one of his hosts recounted visiting a bank where the coffee machine was broken. "That must be Iain Saville's fault," somebody had joked.

There has been plenty of such wry humour in the City over the past month as back-office managers have struggled to get another recalcitrant machine to work. It is Crest, the City's attempt to move into the 20th century by settling share trades electronically instead of paper.

There has also been anger, much of this directed at the man who epitomises Crest. Mr Saville, the project's year-old manager seconded by the Bank of England, has become the butt of criticism for Crest's immediate failings and what some regard as his high-handed style in dealing with complaints.

The private sniping reached a crescendo this week with the announcement that CrestCo - the company owned by 60 financial institutions that own Crest - will delay the entry of shares of 18 big companies. The delay is intended to give Mr Saville time to iron out Crest's software problems.

In 10 days, the CrestCo board will decide whether

Man in News • Iain Saville

City's Crestfallen hero

John Gapper on the boss of London's troubled share system

this is enough, or whether the nine-month transition from Tallisman, the paper-based settlement system used by brokers for the past 15 years, will have to be delayed. The nine-month transition is due to end in April and a delay could result in a great deal of cost and confusion for all.

In the case of Crest, "all concerned" means every financial institution dealing in shares. Everybody is bound up with Crest - from small private-client brokers to mighty investment banks, along with public companies and individual investors. Any disruption is bound to irritate a lot of people.

Rather like the plumbing of a house, not many people give a second thought to settlement when it works. Yet when it breaks down, it causes big problems. Within Tallisman, a share is only transferred when a paper certificate moves. Each time a share is bought or sold, the certificate and the cash have to wend their way through a long chain of intermediaries.

Crest aims to replace this shuffling of paper with a series of electronic mes-

sages. This should not only reduce risks and cost but also shorten the time taken. Eventually the City hopes to reach the promised land of real-time settlement, where shares and cash are exchanged with the click of a computer mouse.

The problem has been to devise a system capable of reducing a paper chain to an electronic network. For Crest to work, all participants have to send instructions to the central computer correctly, which has to process them rapidly. In practice, the system has been working much more slowly than it should.

The previous attempt to create such a system by the Stock Exchange ended in a debacle in 1993. The exchange's Taurus system had to be abandoned after 240m had been spent, and Peter Hawkins, its chief executive, resigned.

When the Bank of England took up the challenge after Taurus it required someone who could drive through a large technology project. It also needed an individual capable of resisting the vested interests that had weighed

down Taurus by insisting that it included features that made it unwieldy.

It chose Mr Saville partly because he was so unlike a traditional Bank senior manager. Iain's style is personal and autocratic. He would trample on vested interests almost as a matter of principle, says one Bank official.

Such qualities are rare in the Bank, where hard messages are usually coded, and diplomacy is valued highly. In contrast, Mr Saville is prone to plain speaking. Yet he rose steadily inside the Bank after joining in 1978 with a doctorate in mathematical physics. This was partly due to intellect. "He is extremely bright, and has a real vision," says an official. "He has the best grasp of anyone I know of what the industry might be like in five years."

As important, he had a rare ability to implement a large and complex project. He has a great deal of energy, and is not easily deflected. "He is very determined," says Pan Kent, a Bank executive director. "It can bring him into conflict with people sometimes, but

that is part of the man."

Mr Saville's intellectual bent came from his father, a fisheries scientist in Aberdeen. After St Andrew's University, he went to Oxford. He speaks with a gentle Scots accent, and has the faintly dishevelled appearance of some middle-ranking Bank officials.

Yet Mr Saville's underlying self-confidence does not take long to show itself. He stands up for his point of view, and is not afraid to antagonise. "I am notoriously unreliable about small numbers," he declared at a Crest meeting this week - with the air of one who did not care about admitting it.

Even opponents admit he gives as good as he gets when grilled about Crest. "I think the final score was Saville five, my members four," says Mr Geoffrey Turner, chief executive of the Association of Private Client Investment Managers and Stockbrokers, of a recent meeting.

The grudging admiration of outsiders is matched by devotion from those who work under him. Mr Saville was known for knitting together teams of committed

workers. When he left his last job, managing the £20bn foreign exchange reserves of the UK, he took half a dozen officials to Crest.

Those who work with him say he allows them an unusual degree of latitude compared with other Bank senior officials. "He tends to say 'This, this and this need sorting out', and let you get on with it," says one of his team. "The amount of freedom you get with Iain is quite astounding."

In return, his staff are accustomed to being bombarded with a flow of bright ideas that he expects them to make work. "He often comes in in the morning with something he has thought of in the bath," says one. "They can be flashes of genius, but some of them are not very workable."

This week, he has been fighting against critics of Crest, arguing that the system has testing problems and can be fine-tuned. Yet Mr Saville's scheduled return to the Bank in February may be delayed if Crest's problems persist. He says he is determined to see the difficulties through.

Some of his workers doubt whether he will want to return to the Bank after taking on such a public management role. Yet he insists he could do so. "I have my own idiosyncratic style but most people like it," he says. "As soon as the industry says it can do without me, I shall be delighted to go."



A funding crisis may force the British Museum to charge visitors, says Antony Thorncroft

An admission of failure

The trustees of the British Museum meet next month for one of the most important meetings in the museum's 247-year history.

They will have to decide whether to introduce admission charges, reduce staff, or both. Only a generous government grant for 1997-98 - which, given the government's determination to hold down public expenditure, looks very unlikely - will let the trustees off the hook, and then only temporarily.

The arithmetic has just been summarised in a pessimistic report for the trustees by Mr Andrew Edwards, a former deputy secretary at the Treasury. The museum in Bloomsbury, central London, receives £32.4m from the government in aid this year, almost 80 per cent of its revenue. This will decline over the next three years, leaving the museum with an accumulated deficit of £20m by the millennium.

In addition, the British Library, which has squatted in the heart of the British Museum since the museum was founded, starts to be transferred early next month to its new home further north at St Pancras. It will have moved out completely by the end of 1998, leaving the museum with 40 per cent more space but depriving it,

perhaps £5, which causes Mr Anderson most concern. "It would change the relationship between the museum and the public. The museum should be available for anyone who wants to come here. We own the objects in trust for the public."

Mr Anderson is also dubious about the financial benefits of charging. The Edwards report predicts that a £5 charge would bring in £9m a year and reduce visitor numbers by 27.5 per cent from today's 6.1m - the museum is the second most popular attraction in the UK after Blackpool Pleasure Beach. Mr Edwards argues that overseas visitors would not be put off by a fee.

Mr Anderson thinks that the decline in numbers would be greater. The Science Museum saw visits fall by 60 per cent in the year after it introduced charges. If the grant for the museum in this month's Budget is sufficient Mr Anderson will try to persuade the trustees to defer a decision on charging until 1998 at the earliest.

What makes the sudden crisis at the museum ironic is that when Mr Anderson is not wringing with looming deficits he is collecting substantial cheques from well-wishers. Like many British heritage centres, the museum is taking advantage of the National Lottery to transform its buildings. By the end of 2000, Sir Norman Foster, the architect, will have transformed the interior of the museum, creating a great court at its heart which will improve the flow of visitors and make exhibits easier to view.

The project is costing £94m, but the millennium fund has contributed £30m and generous friends, such as the Walter Annenberg Trust with £6.7m and the Sainsburys with £4m, have already provided £24m, leaving £40m to be gathered. The museum believes this can be achieved on the back of its international reputation.

In addition, various organisations are falling over themselves to give the museum money for new and refurbished galleries. This week the Clothworkers Company handed over £1m towards the museum's proposed study centre for textiles and archaeology on Oxford Street; HSBC Bank has provided £2m towards a gallery on the history of money, to open in January; and Chase Manhattan has given £1m for a new American gallery.

Urgent consultations are under way as to how the museum can be helped to avoid a deficit. The obvious solution is to switch lottery money from capital projects into current funding, but this is not allowed at the moment.

There is talk among the trustees of establishing an endowment financed by the lottery, which would need to top £100m to have an impact, and the creation of a heritage stabilisation fund, like the arts stabilisation fund, which writes off deficits. Without such assistance - and in spite of all the lottery money washing around the heritage industry - free access to the British Museum will become no more than a memory.



by 2000, of a total of £5m in rental income.

It is the government's unwillingness to agree to make good the loss of the rent which has precipitated the crisis. But even if there is a last-minute compromise the museum will still have to change.

The government's view is that the British Museum, like other cultural institutions in the UK, carries too much fat. Hence the planned cuts in its grant. There is some substance to the government's approach: since 1973 the number of staff at the museum has risen by 45 per cent to about 1,060, and the payroll accounts for more than 80 per cent of expenditure. Last year Mr Robert Anderson, the museum director, introduced a freeze on recruitment. The Edwards report made more than 100 recommendations for improving the way the museum is run, and envisages a staff of about 20 per cent. Whatever the size of the 1997-98 grant, the workforce at the museum looks set to be reduced.

It is the possibility of introducing an admission charge, of per-

A double act for the global stage

The fund management industry is undergoing radical restructuring to survive, says William Lewis

The world of fund management has been shaken in recent months by a series of mergers, acquisitions and restructuring announcements. The latest came on Thursday with Hypo-Bank, Germany's fifth-largest commercial bank, saying it intended to increase its stake in Hypo Foreign & Colonial Management, the company which manages Foreign & Colonial's investment portfolio, by 15 per cent to 65 per cent.

Earlier this week Axa and UAP, two of France's largest insurance groups, announced plans to merge, creating what will be the world's largest asset manager and second-largest insurance company.

Last week Invesco, the UK fund management group, announced it had agreed to buy AIA Management Group of the US for £1.6bn (£970m), creating one of the world's top five independent fund managers.

There has also been a spate of restructuring announcements as financial groups try to improve performance. Dresdner Bank, Germany's second-largest commercial bank, last week said it was transferring control of the investment management arm of Kleinwort Benson, the investment bank it took over last year, to RCM Capital Management, its San Francisco-based subsidiary.

Barclays has recently switched control of its global fund management business to the senior management of BZW Barclays Global Investors, the San Francisco-based asset manager it bought for £280m last year.

Such mergers and restructurings have led to the disappearance of some old established fund managers or their loss of independence.

The process is likely to go further, however. Goldman Sachs, the US investment bank, predicts that by 2000 there will be

between 20 and 25 companies operating globally with at least \$150m each in assets under management. Smaller companies may have to content with niche operations serving particular markets.

Such thinking was behind Hypo-Bank's move on Thursday according to Mr Martin Kölsch, a member of the bank's board of managing directors. "We learnt from Goldman Sachs and several other studies, that in this industry you need to be thinking about acquiring or starting strategic cooperation," he says.

Several factors appear to be driving the deals. The industry itself has many attractive characteristics. Fund management companies employ relatively little capital and are among the more profitable parts of many financial groups. And in the management

of institutional funds, they are often sheltered from competition by laws designed to protect investors that effectively exclude new entrants.

But industry analysts also see potential in ageing western societies: as people save increasing amounts for their lengthening retirement, fund managers hope to help them invest their savings. Europe is seen as a particularly promising area here since most of its pension schemes pay benefits out of current contributions.

Falling fertility rates and a sustained increase in life expectancy have led to forecasts that one in four Europeans will be over the age of 65 by 2020 - more than twice the present proportion.

Unless people save more during their working lives for their retirement, paying pensions to the elderly will lead to unreason-

ably high levels of taxation.

Fund managers believe supplementary privately funded pension schemes are likely to become increasingly important in Germany, France and other European markets. And they hope to win a share of the new business.

Although the market is set to expand worldwide, competition has intensified in the most developed market for asset management: the US. This is because of a slowing in asset growth in that market over the past few years, according to Goldman Sachs, which says: "The combination of too many management companies chasing too few assets alone would cause significant evolution in the investment management industry over the next five years."

Mr Philip Gibbs, an analyst at BZW in London, says the globali-

sation of the industry has also been pushed along by fund management clients, pension funds and individual investors wanting their funds to be invested in different markets - not just in their home market. "You have got to have expertise in different markets," he says.

German banks have been among some of the leading financial institutions attempting to gain a foothold in the developing global market through acquisition and alliances. "Organic growth is possible in Germany itself," says Mr Kölsch of Hypo-Bank. "But internationally it is very important for us to have centres of excellence for international investment. Internationally organic growth is not enough."

But Mr Gibbs warns that fund managers moving into new markets may be caught in regulatory and performance traps. Morgan Grenfell Asset Management, a subsidiary of Deutsche Bank, is still recovering from its failure to control the unit trust manager Mr Peter Young.

And PDDM, a fund management subsidiary of Union Bank of Switzerland, was the focus of publicity last month about poor short-term performance. Its strategy could yet prove correct, but it has already led to the loss of two clients.

But Mr Gibbs says the UK's best-performing independent fund management groups, rejects the idea that it must choose between joining the big league or confining itself to a small niche. Mr David Mossop, chief executive, says it can maintain its independence through joint ventures with overseas partners.

"The solution for people like ourselves who are relatively small in the scheme of things is joint ventures with people who have distribution skills," he says.

John Thornhill looks at how the investment market is beginning to develop in Russia

Pioneer blazes a trail in the east

On Moscow lamp-posts and in the scandalous sheets that pass for newspapers, bold advertisements promise riches for Russia's masses, "guaranteeing" huge returns on small investments. Though the average Russian should have grown wary of such temptations after a string of investment scams and scandals, until now they have had few other places to go.

Russia has liberalised prices, privatised industries and opened up to global markets. But it has taken only a few steps towards creating a developed market economy underpinned by the legal and financial regulations taken for granted in the west.

One obvious deficiency in the modern Russian economy has been the absence of a trust-worthy savings industry, to turn people's domestic savings into productive investments.

That may be about to change. This week, Pioneer First Voucher Group, a Moscow-based investment company, launched the first government-licensed open unit investment fund, modelled on a US mutual fund or a UK unit trust. Russians are eager savers. The anomaly is that while millions of them are flush with cash, most industrial enterprises are starved of capital. "There may be anywhere between \$50bn (£21bn) and \$50bn

of cash sitting under people's mattresses," says Mr Boris Fyodorov, the former finance minister, who now chairs the UFG investment bank.

"But a lot of that money is not participating in the economy or is only participating in the grey economy. There is a class of young professionals which is growing very, very fast, but these people have no vehicles through which they can safely invest their money."

If successful, new unit funds could help transform the Russian economy, financing industrial development, expanding the country's nascent capital markets and securing a comfortable retirement for elderly Russians.

The tantalising prospect beckons of a savings market like that of the US, where some 6,000 mutual funds recycle almost \$3,000bn of savings into varied investments and thereby contribute to the extraordinary dynamism of American capitalism.

The man trying to turn this dream into reality in Russia is Mr Dmitry Vasilev, the managing head of Russia's Federal Securities Commission, who has been working for months to create the legal framework for a savings industry.

"The most pessimistic assessment is that there is \$30bn of potential savings in Russia," Mr Vasilev says in an office piled

high with papers. "On the basis of the studies and the opinion polls that we have conducted we think we can attract at least 10 per cent of that within the next two years."

A sum of \$2bn may not seem much in a country where the equity market is now capitalised at \$50bn and the government debt market has expanded to \$40bn in the three years since it started. "But babies are born small," Mr Vasilev says.

The main problem is lack of trust in Russia's financial institutions and in its currency, the rouble; millions of Russians keep US dollar notes in biscuit tins. Mr Pavel Teplukhin, chief econo-

mist at Troika-Dialog, a Russian financial services group licensed to issue unit funds, says: "The big pool of dollars people save is a sign that people simply do not trust banks. They hear every day about bank failures and do not even want to open a dollar account. But there is a chance that they will trust a licensed fund manager if they have a choice and the rouble remains steady."

Mr Vasilev concedes it will be difficult to persuade sceptical Russian savers to buy unit funds. But he argues that the regulatory regime he has put in place will deter the swindlers. So far, the commission has licensed 11 fund management groups to issue unit funds, but it must also approve the prospectus of each fund. Moreover, it has considerable powers to prosecute those which masquerade as licensed unit funds and harm the industry.

But some industry participants fear the political will to chase potential criminals may not be there. "It is one thing to be barred from the securities industry, forcing you to sit in your beach-house in Cyprus for a year. It is quite another to spend five years in a Russian jail," says one fund manager.

A more basic challenge will be telling Russians what unit funds are all about. The sales pitch,

delivered through newspaper advertisements and trained distribution agents, will be that unit funds are professionally managed, tax exempt and subject to immediate redemption.

But many Russians, used to the concept - if not the reality - of "guaranteed" returns, may take fright at statements that their investments could fall as well as rise in value. Even the most talented fund manager could struggle to make attractive returns in Russia's volatile capital markets, while fees of as much as 20 per cent, initially needed to help defray high start-up costs, may also deter short-termists.

Despite the concerns, the handful of pioneering western fund managers who have come to Moscow are keen to create whole families of funds investing in bonds, equities and eventually property.

Mr Timothy Frost, director of the Pioneer First fund launched this week to invest in government securities, says: "When I look back to 1992, Russia's inflation rate was 2,500 per cent a year, the privatisation programme had not really started, and the government securities market was a gleam in the central bank's eye. In four years a remarkable amount has been achieved. What could the next four years hold?"

CURRENCIES AND MONEY

Dollar slips

MARKETS REPORT

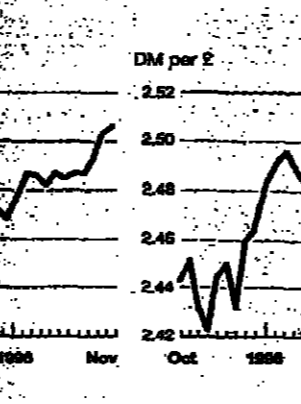
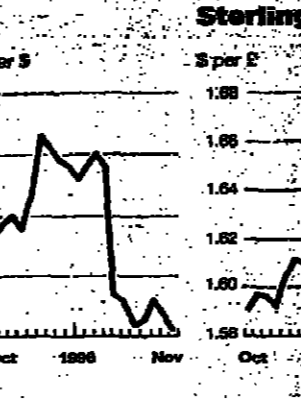
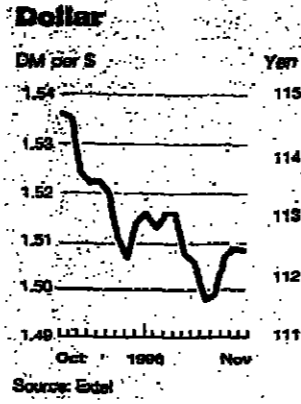
By Simon Kuper

The dollar slipped yesterday against the yen and the D-Mark after a surprise dip in US industrial output. The market now expects American interest rates to stay static or even fall in the months ahead. On a quiet day's trading, the Swiss franc continued its slide, closing slightly lower against the D-Mark at SFR0.848 and also falling against the dollar and the yen. Foreign exchange strategists said the yen's recent rise had made the Swiss franc the favourite low yielding currency to use for funding purchases of higher yields, such as sterling. In a week thin on European monetary union news, the D-Mark closed in London yesterday unchanged against the lira and only fractionally higher against the peseta. However, the German cur-

rency lost Y0.12 against the yen to close at Y73.66, because the market thinks that Tokyo wants a stronger yen and the Bundesbank a weaker D-Mark. The dollar closed in London a fifth of a penny down at DM1.507 and two fifths of a yen lower at Y111.0.

The very weak US October industrial production figures, although they did nudge the dollar downward, had a limited impact. This is because the market had already decided that the US economy was slowing sharply. Within a month currency strategists have shifted from expecting the Federal Reserve to raise interest rates soon, to anticipating a possible rate cut.

Most foreign exchange strategists expect the Swiss franc to keep falling, particularly as the Swiss National Bank has hinted that it is willing to see its currency depreciate. The economic consultant, said the next technical barrier for the D-Mark against the Swiss franc is the February 1995 high of SFR0.8521. The market continues to hold the lira, expecting Italy to enter the European



exchange rate mechanism on one of the following weekends. Italy is likely to enter at a rate slightly stronger than the present L1.006 to the D-Mark, because France is seeking a firm lira in order to stop Italian exports from becoming too competitive. Few traders are likely to sell their lira before the re-entry. Currencies strategists want to know what a UK Labour government's attitude to sterling would be. Mr

Gordon Brown, shadow chancellor, shed little light this week. "We want a strong and competitive pound," he said on Thursday. This is remarkable. Most economists presume that you can have a strong pound or a competitive pound, but not both at the same time. Since August the pound has grown stronger rather than more competitive, and it made further gains yesterday, closing just below a four-year high against the

dollar at \$1.667. Sterling's trade-weighted index against a basket of currencies ended last week in London at a 34-month high of 92.0. Foreign exchange strategists expect the next UK interest rate hike to come before Christmas. Mr Paul Chertkov, head of global currency research at UBS in London, said: "The pound has settled above DM2.51. DM2.60 is a sensible objective, because we calculate that as about fair value for sterling."

WORLD INTEREST RATES

Table with columns: MONEY RATES, November 15, One night, One month, Three months, Six months, One year, Limit, Dec. rate, Repo rate. Rows include Belgium, France, Germany, Ireland, Italy, Netherlands, Switzerland, US, Japan.

Table with columns: LIBOR FT London, Interbank, US Dollar, ECU, etc. Rows include various financial instruments and their rates.

Table with columns: EURO CURRENCY INTEREST RATES, Nov 15, Short term, 7 days, One month, Three months, Six months, One year. Rows include various European currencies.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Nov 15, Closing mid-point, Change on day, Bid/offer spread, Day's Mid low, One month, Three months, One year, Bank of England. Rows include Australia, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Euro, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Nov 15, Closing mid-point, Change on day, Bid/offer spread, Day's Mid low, One month, Three months, One year, JP Morgan. Rows include Australia, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Euro, etc.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Nov 15, Euro cent, Rate, Change on day, % +/- from previous, % spread, Div. Rows include various European currencies.

CROSS RATES AND DERIVATIVES

Table with columns: EXCHANGE CROSS RATES, Nov 15, BFR, DKR, FFR, DM, L, F, Nkr, Esc, Pta, Skr, Sfr, £, CS, \$, ¥, Ecu. Rows include various currency pairs.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Nov 15, Euro cent, Rate, Change on day, % +/- from previous, % spread, Div. Rows include various European currencies.

BASE LENDING RATES

Table with columns: Bank, Rate, % spread. Rows include various banks and their lending rates.

THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

Table with columns: Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include future prices and changes.

THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

Table with columns: Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include future prices and changes.

THREE MONTH EUROFRANK FUTURES (LIFFE) SF1m points of 100%

Table with columns: Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include future prices and changes.

THREE MONTH EURO DOLLAR FUTURES (LIFFE) \$100m points of 100%

Table with columns: Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include future prices and changes.

THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SF1m points of 100%

Table with columns: Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include future prices and changes.

THREE MONTH EURO YEN FUTURES (LIFFE) ¥100m points of 100%

Table with columns: Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include future prices and changes.

THREE MONTH EURO DOLLAR FUTURES (LIFFE) \$100m points of 100%

Table with columns: Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include future prices and changes.

THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SF1m points of 100%

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THREE MONTH EURO YEN FUTURES (LIFFE) ¥100m points of 100%

Table with columns: Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include future prices and changes.

UK INTEREST RATES

Table with columns: LONDON MONEY RATES, Nov 15, Over-night, 7 days, One month, Three months, Six months, One year. Rows include various interest rates.

THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

Table with columns: Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov. Rows include future prices and changes.

THREE MONTH EURO DOLLAR FUTURES (LIFFE) \$100m points of 100%

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FT GUIDE TO WORLD CURRENCIES. The FT Guide to World Currencies table can be found on the Markets page in Monday's edition.

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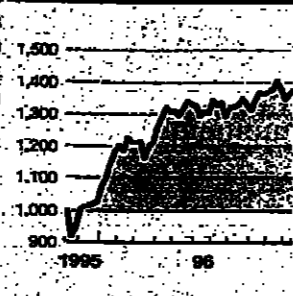
UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Table listing top 5 performing unit trusts over 1 year, including Johnson Fry Stellar Growth, GT Orient Acc, NatWest UK Smaller Cos, Jupiter European, and Gartmore UK Smaller Companies.

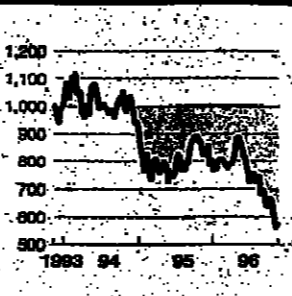
GT Orient Acc



TOP FIVE OVER 3 YEARS

Table listing top 5 performing unit trusts over 3 years, including Jupiter European, Hill Samuel US Smaller Cos, Profit Technology, PM North America Growth, and Baring Europe Select.

Save & Prosper Korea



TOP FIVE OVER 5 YEARS

Table listing top 5 performing unit trusts over 5 years, including Perpetual American Smaller Cos, Profit Technology, GT Orient Acc, Gartmore American Emer Gth, and HSBC Hong Kong Gth.

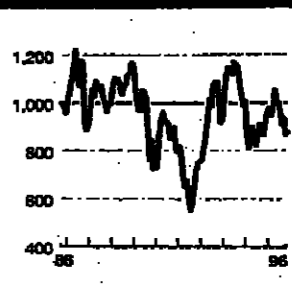
HSBC Hong Kong Gth



TOP FIVE OVER 10 YEARS

Table listing top 5 performing unit trusts over 10 years, including Hill Samuel US Smaller Cos, Gartmore American Emer Gth, HSBC Hong Kong Growth, Gartmore Hong Kong, and Profit Technology.

Mercury Japan



BOTTOM FIVE OVER 1 YEAR

Table listing bottom 5 performing unit trusts over 1 year, including GT Korean Securities, Baring Korea, Save & Prosper Korea, Schroder Seoul, and Old Mutual Thailand Acc.

BOTTOM FIVE OVER 3 YEARS

Table listing bottom 5 performing unit trusts over 3 years, including Save & Prosper Korea, Sanwa Japan, Govett Japan Growth, Save & Prosper Far East Sm Cos, and GT Korean Securities.

BOTTOM FIVE OVER 5 YEARS

Table listing bottom 5 performing unit trusts over 5 years, including Friends Prov Japanese Sm Cos, Govett Japan Growth, Barclays Uni Japan Inc, Fidelity Japan Smaller Cos, and Invesco Japan Growth.

BOTTOM FIVE OVER 10 YEARS

Table listing bottom 5 performing unit trusts over 10 years, including Barclays Uni Japan Inc, Mercury Japan, M&G Japan & General Acc, Waverley Australian Gold, and CU PPT Japan Growth.

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

Indices

Table showing performance of various indices like Average UK Trust, Average Investment Trust, Bank, Building Society, Stockmarket FTSE All Share, and Inflation.

UK Eq & Bd

Table showing performance of UK Equity & Bond indices over 1, 3, 5, and 10 years.

Nth America

Table showing performance of Northern America indices over 1, 3, 5, and 10 years.

Best Peps

Table showing performance of Best Peps indices over 1, 3, 5, and 10 years.

UK Growth

Table showing performance of UK Growth indices over 1, 3, 5, and 10 years.

Gift & Fixed Interest

Table showing performance of Gift & Fixed Interest indices over 1, 3, 5, and 10 years.

Europe

Table showing performance of Europe indices over 1, 3, 5, and 10 years.

Money Mkt

Table showing performance of Money Market indices over 1, 3, 5, and 10 years.

UK Growth & Income

Table showing performance of UK Growth & Income indices over 1, 3, 5, and 10 years.

International Equity Income

Table showing performance of International Equity Income indices over 1, 3, 5, and 10 years.

Japan

Table showing performance of Japan indices over 1, 3, 5, and 10 years.

Investment Trust Units

Table showing performance of Investment Trust Units over 1, 3, 5, and 10 years.

UK Smaller Companies

Table showing performance of UK Smaller Companies indices over 1, 3, 5, and 10 years.

International Fixed Interest

Table showing performance of International Fixed Interest indices over 1, 3, 5, and 10 years.

Far East inc Japan

Table showing performance of Far East inc Japan indices over 1, 3, 5, and 10 years.

Fund of Funds

Table showing performance of Fund of Funds indices over 1, 3, 5, and 10 years.

UK Equity Income

Table showing performance of UK Equity Income indices over 1, 3, 5, and 10 years.

International Equity & Bond

Table showing performance of International Equity & Bond indices over 1, 3, 5, and 10 years.

Far East exc Japan

Table showing performance of Far East exc Japan indices over 1, 3, 5, and 10 years.

Financial & Property

Table showing performance of Financial & Property indices over 1, 3, 5, and 10 years.

UK Equity & Bond Income

Table showing performance of UK Equity & Bond Income indices over 1, 3, 5, and 10 years.

International Growth

Table showing performance of International Growth indices over 1, 3, 5, and 10 years.

Commodity & Energy

Table showing performance of Commodity & Energy indices over 1, 3, 5, and 10 years.

Global Emerging Mkts

Table showing performance of Global Emerging Markets indices over 1, 3, 5, and 10 years.

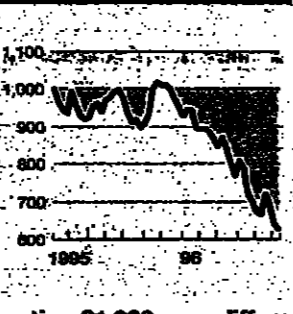
INVESTMENT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Table listing top 5 performing investment trusts over 1 year, including English National, Baring Emerging Europe, TR Technology, Scottish National Capital, and Henderson EuroTrust.

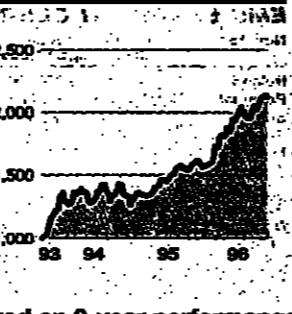
Korea-Europe Fund



TOP FIVE OVER 3 YEARS

Table listing top 5 performing investment trusts over 3 years, including TR Technology, Invesco English & Intl, Keyworth Development Fund, TR European Growth, and Candover.

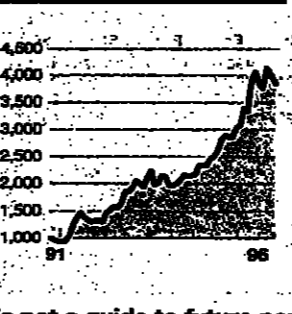
TR European Growth



TOP FIVE OVER 5 YEARS

Table listing top 5 performing investment trusts over 5 years, including TR Technology, MCI Capital, Foreign & Colonial Enterprise, North Atlantic Smaller Cos, and Thompson Clive.

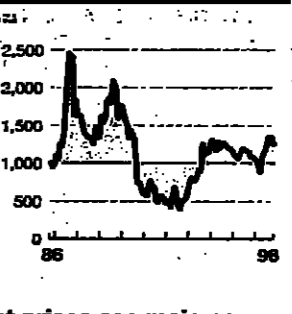
Thompson Clive



TOP FIVE OVER 10 YEARS

Table listing top 5 performing investment trusts over 10 years, including Candover, Rights & Issues Inc, Rights & Issues Capital, Capital Gearing, and Foreign & Colonial Enterprise.

Jove Capital



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

UK General

Table showing performance of UK General indices over 1, 3, 5, and 10 years.

Int Cap Gth

Table showing performance of International Capital Growth indices over 1, 3, 5, and 10 years.

Japan

Table showing performance of Japan indices over 1, 3, 5, and 10 years.

High Income

Table showing performance of High Income indices over 1, 3, 5, and 10 years.

UK Capital Growth

Table showing performance of UK Capital Growth indices over 1, 3, 5, and 10 years.

Int Income Growth

Table showing performance of International Income Growth indices over 1, 3, 5, and 10 years.

Far East exc Japan, General

Table showing performance of Far East exc Japan, General indices over 1, 3, 5, and 10 years.

Split - Capital

Table showing performance of Split - Capital indices over 1, 3, 5, and 10 years.

Smaller Companies

Table showing performance of Smaller Companies indices over 1, 3, 5, and 10 years.

North America

Table showing performance of North America indices over 1, 3, 5, and 10 years.

Far East exc Japan, Single Country

Table showing performance of Far East exc Japan, Single Country indices over 1, 3, 5, and 10 years.

Split - Inc & Residual Cap Shares

Table showing performance of Split - Inc & Residual Cap Shares indices over 1, 3, 5, and 10 years.

UK Income Growth

Table showing performance of UK Income Growth indices over 1, 3, 5, and 10 years.

Continental Europe

Table showing performance of Continental Europe indices over 1, 3, 5, and 10 years.

Emerging Markets

Table showing performance of Emerging Markets indices over 1, 3, 5, and 10 years.

Split - Income

Table showing performance of Split - Income indices over 1, 3, 5, and 10 years.

Venture and Devt Cap

Table showing performance of Venture and Development Capital indices over 1, 3, 5, and 10 years.

Pan Europe

Table showing performance of Pan Europe indices over 1, 3, 5, and 10 years.

Closed End Funds

Table showing performance of Closed End Funds indices over 1, 3, 5, and 10 years.

Split - Zero Dividend

Table showing performance of Split - Zero Dividend indices over 1, 3, 5, and 10 years.

International General

Table showing performance of International General indices over 1, 3, 5, and 10 years.

FE inc Japan

Table showing performance of Far East Inc Japan indices over 1, 3, 5, and 10 years.

Property

Table showing performance of Property indices over 1, 3, 5, and 10 years.

Split - Property

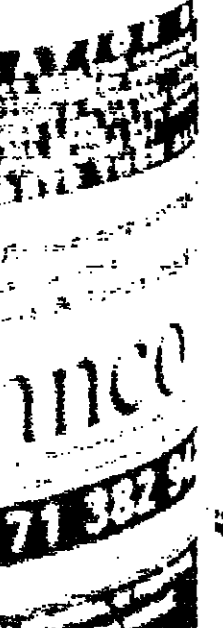
Table showing performance of Split - Property indices over 1, 3, 5, and 10 years.

UNIT TRUST LAUNCHES

Table listing newly launched unit trusts, including Jupiter Fund of Investment Trusts.

Glossary

Discount: Investment trust shares traditionally sell for less than their underlying asset value. The gap between the two is known as the discount. In the 1974 bear market, discounts were as wide as 45 per cent and although they have mainly narrowed to well under 10 per cent in recent years, they add an additional uncertainty to investment trust share price prospects. The sharp narrowing of the discount is another reason why investment trusts look better than unit trusts on longer-term comparisons.



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Authorised Unit Trusts

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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Bank of Ireland Fund Mgrs Ltd, All Star Unit Trusts, and others, with columns for Name, Class, and Price.

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Guide to pricing of Authorised Unit Trusts

Initial charge: Charges made by a unit trust manager. Used to defray marketing and administrative costs... Historic pricing: The letter H denotes that the managers will normally deal at the price set on the most recent valuation... Selling price: Also called bid price. The price at which units are bought by investors... Forward pricing: The letter F denotes that the manager deals at the price to be set on the next valuation... Exit charges: The letter E denotes that an exit charge may be made when you sell units... Times: The times shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name...

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Authorised and Insurances

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Main table containing financial data for various unit trusts, including columns for fund names, prices, and performance metrics. The table is organized into multiple columns and rows, covering a wide range of investment funds.

Advertisement for Imperial Cancer Research Fund. Features a photograph of a woman and the text: 'Every day, we help thousands of people like Zoe fight cancer.' Includes a donation form with fields for name, address, and amount.

Advertisement for 'PROPERTY UNIT TRUSTS'. Lists various property investment trusts with their respective prices and performance data. Includes a sub-section for 'OTHER UK UNIT TRUSTS'.

Advertisement for 'INSURANCES'. Lists various insurance products and providers, including life, health, and general insurance, with associated prices and terms.

Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

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Table of insurance and other financial products including General Accident - Contd., Lloyds Life plc - Contd., Norwich Union Life Insurance Soc. - Contd., and various other fund categories.

Table of FT Managed Funds Service including sections for Norwich Union Life Insurance Soc. - Contd., Royal Life Insurance Ltd, Scottish Provident Institution - Contd., Sun Life Assurance Society Ltd, and various other fund categories.

Table of FT Managed Funds Service including sections for Sun Life Assurance Society Ltd, Sun Life Assurance Society Ltd, Sun Life Assurance Society Ltd, and various other fund categories.

Table of FT Managed Funds Service including sections for Money Market Trust Funds, Money Market Bank Accounts, and various other fund categories.

MANAGEMENT SERVICES

Table of Management Services including Capital Trust Financial Management, DBS Financial Management, and various other service providers.

NOTES: Owner/Contractor of interest payable, not subject to the distribution of income...

FT MANAGED FUNDS SERVICE

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds with columns for Name, Value, and % Change.

Table listing various offshore funds with columns for Name, Value, and % Change.

BERMUDA (REGULATED)

Table listing various offshore funds with columns for Name, Value, and % Change.

GUERNSEY (SIB RECOGNISED)

Table listing various offshore funds with columns for Name, Value, and % Change.

GUERNSEY (REGULATED)

Table listing various offshore funds with columns for Name, Value, and % Change.

ROYAL BANK OF CANADA

Table listing various funds under Royal Bank of Canada with columns for Name, Value, and % Change.

IRELAND (SIB RECOGNISED)

Table listing various funds under Ireland (SIB Recognised) with columns for Name, Value, and % Change.

IRELAND (REGULATED)

Table listing various funds under Ireland (Regulated) with columns for Name, Value, and % Change.

LESTER MANAGED FUNDS

Table listing various funds under Lester Managed Funds with columns for Name, Value, and % Change.

IRELAND (SIB RECOGNISED)

Table listing various funds under Ireland (SIB Recognised) with columns for Name, Value, and % Change.

IRELAND (REGULATED)

Table listing various funds under Ireland (Regulated) with columns for Name, Value, and % Change.

THOMSON FUNDS

Table listing various funds under Thomson Funds with columns for Name, Value, and % Change.

IRELAND (REGULATED)

Table listing various funds under Ireland (Regulated) with columns for Name, Value, and % Change.

GLOBAL RESOURCES

Table listing various funds under Global Resources with columns for Name, Value, and % Change.

IRELAND (REGULATED)

Table listing various funds under Ireland (Regulated) with columns for Name, Value, and % Change.

SOUTHERN INVESTMENT

Table listing various funds under Southern Investment with columns for Name, Value, and % Change.

IRELAND (REGULATED)

Table listing various funds under Ireland (Regulated) with columns for Name, Value, and % Change.

AXA EQUITY & LAW

Table listing various funds under AXA Equity & Law with columns for Name, Value, and % Change.

IRELAND (REGULATED)

Table listing various funds under Ireland (Regulated) with columns for Name, Value, and % Change.

AXA EQUITY & LAW

Table listing various funds under AXA Equity & Law with columns for Name, Value, and % Change.

IRELAND (REGULATED)

Table listing various funds under Ireland (Regulated) with columns for Name, Value, and % Change.

AXA EQUITY & LAW

Table listing various funds under AXA Equity & Law with columns for Name, Value, and % Change.

IRELAND (REGULATED)

Table listing various funds under Ireland (Regulated) with columns for Name, Value, and % Change.

MINI REUTERS MAXIMUM DATA advertisement featuring a computer monitor and text describing the service.

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4376 for more details.

LUXEMBOURG (SXB RECOGNISED)

Table listing various Luxembourg funds including categories like Active Asset Management, Active International, Credit Investment Funds, and Money Market Funds. Each entry includes fund name, ISIN, and performance metrics.

LUXEMBOURG (REGULATED)**

Table listing regulated Luxembourg funds, including categories like Active Asset Management, Active International, Credit Investment Funds, and Money Market Funds. Each entry includes fund name, ISIN, and performance metrics.

OFFSHORE INSURANCES

Table listing offshore insurance products, including categories like Life Insurance, Health Insurance, and Pension Funds. Each entry includes product name, provider, and key details.

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cytisine Unit Trust Prices are available over the telephone. Call the FT Cytisine Help Desk on (444 171) 678 4378 for more details.

Table listing various fund categories such as 'Old Mutual International (Guernsey) Ltd', 'AXA Asset Management', and 'Cherrybank'. Each entry includes fund names and their corresponding prices.

Table listing various fund categories such as 'GEM Double Investment Managers Limited', 'M.J. Schroder Bank & Trust Company', and 'Lazard Vietnam Fund Limited'. Each entry includes fund names and their corresponding prices.

Table listing various fund categories such as 'Optima Fund Management', 'Suisse Robitson Investment Manager Ltd', and 'Suisse Robitson Investment Manager Ltd'. Each entry includes fund names and their corresponding prices.

Advertisement for Imperial Cancer Research Fund. It features a photograph of a woman and text stating 'Every day, we help thousands of people like Zoe fight cancer.' Below the image is a donation form with fields for name, address, and a signature line.

OTHER OFFSHORE FUNDS

Table listing various offshore fund categories such as 'ATP Management Ltd', 'CIBC Global Asset Mgmt (Asia) Ltd', and 'CIBC Global Asset Mgmt (Asia) Ltd'. Each entry includes fund names and their corresponding prices.

MANAGED FUNDS NOTES
Please use in person unless otherwise indicated.
Please refer to the prospectus for full details.
The fund prices shown are as at the end of the reporting period.
The fund prices shown are as at the end of the reporting period.

Highs and Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Nov 15 / US\$)

44 week basis

Table listing stock prices for various US companies including General Electric, IBM, Microsoft, and others.

CANADA (Nov 15 / Can \$)

44 week basis

Table listing stock prices for various Canadian companies.

MEXICO (Nov 15 / Mex \$)

44 week basis

Table listing stock prices for various Mexican companies.

BRAZIL (Nov 15 / R\$)

44 week basis

Table listing stock prices for various Brazilian companies.

ARGENTINA (Nov 15 / P\$)

44 week basis

Table listing stock prices for various Argentine companies.

CHILE (Nov 15 / Chile \$)

44 week basis

Table listing stock prices for various Chilean companies.

PERU (Nov 15 / Nuevos S/)

44 week basis

Table listing stock prices for various Peruvian companies.

VENEZUELA (Nov 15 / Bolívares)

44 week basis

Table listing stock prices for various Venezuelan companies.

COLOMBIA (Nov 15 / Pesos)

44 week basis

Table listing stock prices for various Colombian companies.

ECUADOR (Nov 15 / Dólares)

44 week basis

Table listing stock prices for various Ecuadorian companies.

PANAMA (Nov 15 / Balboas)

44 week basis

Table listing stock prices for various Panamanian companies.

TRINIDAD AND TOBAGO (Nov 15 / TT\$)

44 week basis

Table listing stock prices for various Trinidadian companies.

BARBADOS (Nov 15 / Barbados \$)

44 week basis

Table listing stock prices for various Barbadian companies.

GUAYANA FRANCESA (Nov 15 / Francos)

44 week basis

Table listing stock prices for various Guianese companies.

REUNION (Nov 15 / Francos)

44 week basis

Table listing stock prices for various Réunionnais companies.

MADAGASCAR (Nov 15 / Ariary)

44 week basis

Table listing stock prices for various Malagasy companies.

SEYCHELLES (Nov 15 / Rufiyaa)

44 week basis

Table listing stock prices for various Seychellois companies.

MAURITIUS (Nov 15 / Rupees)

44 week basis

Table listing stock prices for various Mauritian companies.

Advertisement for Rockwell, stating 'Rockwell's advanced technology is helping railroads improve performance and promote safety.' Includes the Rockwell logo.

INDICES

Table showing index values for various countries including Argentina, Australia, Canada, and others.

US INDICES

Table showing US index values including Dow Jones, S&P 500, and NASDAQ.

AFRICA

Table showing index values for African countries including South Africa, Egypt, and others.

ASIA

Table showing index values for Asian countries including Japan, Korea, and others.

AUSTRALIA

Table showing index values for Australian companies.

EUROPE

Table showing index values for European countries including Germany, France, and others.

MIDDLE EAST

Table showing index values for Middle Eastern countries.

PACIFIC

Table showing index values for Pacific region countries including New Zealand and others.

AMERICA

Table showing index values for American companies.

EUROPEAN

Table showing index values for European companies.

ASIAN

Table showing index values for Asian companies.

AUSTRALIAN

Table showing index values for Australian companies.

AFRICAN

Table showing index values for African companies.

AMERICAN

Table showing index values for American companies.

EUROPEAN

Table showing index values for European companies.

ASIAN

Table showing index values for Asian companies.

AUSTRALIAN

Table showing index values for Australian companies.

AFRICAN

Table showing index values for African companies.

INDEX FUTURES

Table showing futures prices for various indices.

COMMODITIES

Table showing commodity prices for various goods.

CURRENCY

Table showing currency exchange rates.

BOND

Table showing bond prices and yields.

STOCK

Table showing stock prices for various companies.

OPTION

Table showing option prices and volatility.

COMMODITY

Table showing commodity prices.

CURRENCY

Table showing currency exchange rates.

BOND

Table showing bond prices and yields.

STOCK

Table showing stock prices.

OPTION

Table showing option prices.

COMMODITY

Table showing commodity prices.

CURRENCY

Table showing currency exchange rates.

BOND

Table showing bond prices and yields.

STOCK

Table showing stock prices.

OPTION

Table showing option prices.

COMMODITY

Table showing commodity prices.

CURRENCY

Table showing currency exchange rates.

Vertical text on the right edge of the page: 'Dow heads', 'Paris leads', 'Domestic sales'.

WORLD STOCK MARKETS

Dow heads towards eighth high Irish brokers see key role within Europe

AMERICAS

US shares continued their upward march with the Dow Jones Industrial Average on course to set its eighth consecutive record close, writes Lisa Brannen in New York. At 1pm, Dow Jones Industrial Average was 83.96 stronger at 8,378.36, the Standard & Poor's 500 advanced 5.72 at 741.50, and the American Stock Exchange composite rose 0.44 at 585.50. Trading was active on the NYSE with 310m shares changing hands as the expiry of some options and futures contracts - known as a "double witching" - drove up volumes.

Larger capitalisation technology shares were mostly stronger, although the Nasdaq composite, which is weighted toward that sector, slipped 0.10 to 1,270.26. The Pacific stock exchange technology index, which contains both Nasdaq and NYSE-listed shares, advanced 0.7 per cent. IBM was the biggest gainer in the Dow with a rise of 0.9% at \$143. Shares in Big Blue were helped to a new 52-week high by a positive note from an analyst at Merrill Lynch. Other strong performers included Disney, 3.2% stronger at \$72.4, Procter & Gamble, which added 2.2% at \$108.7.

Eastman Kodak, 1.1% stronger at \$94.4, and Merck, 1.1% higher at \$82.7. Shares in General Motors' Hughes division shed 3, or 6 per cent, at \$51 on worries that GM would reduce purchases from Hughes' Delco unit. Shares in General Motors lost 2% at \$55. Investors gave a warm welcome to the first Russian company to list on the NYSE. Shares in Vimpel Communications were priced late on Thursday at \$30.4 and by midday yesterday were changing hands for \$39.7. Amgen, the biotech company, lost \$11, or 2 per cent, at \$53.4 after a study said

that its anti-obesity drug might be a cause of diabetes in adults. TORONTO pushed up to new peaks in early trading, bowled along by the heavy start on Wall Street. Dealers said there was aggressive buying of leading stocks from the first, notably of interest-rate sensitive financials. Banks were again in the vanguard of the rally which by noon had hoisted the TSE-300 composite index to 5,872.73, a gain of 51.82. CARACAS reversed two days of downside with strong initial gains, helped by reports that Mr George Soros, the international

pledge fund investor, was placing aggressive orders for shares in CANTV, the state telecom group. Mr Soros was said to be seeking up to \$100m-worth of stock in CANTV which is presently in the process of book-building ahead of the \$1bn flotation later this month. The IBC index was up 95.25 to 5,853.78 at noon. MEXICO CITY picked up where it left off on Thursday, moving lower in early trading. At midsession, the IPC index was registering a decline of 11.32 to 3,380.90. SAN PAULO kept broadly in step with this weaker trend. At noon, the Bovespa index was down 490 at 65,290.

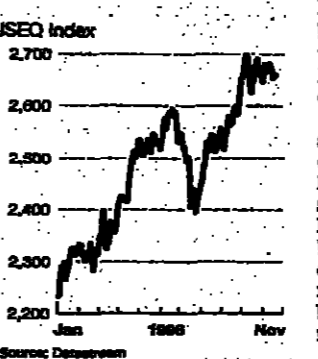
Irish brokers see key role within Europe John Murray Brown on Dublin and the Euro

For the first time, Irish equity markets are starting to take notice of the European currency debate. The convergence play, as brokers call it, the perception that Ireland will be in the first group of member states joining a single European currency, has meant a flood of international buying of Irish bonds. As a result, while Irish industrials have risen by just 1.3 per cent since the end of June, financial stocks gained 7 per cent in the third quarter. Dublin has risen 18.8 per cent since the start of the year and is among this year's best performing European bourses. But it is no longer cheap. "Almost all the big companies have now been re-rated. In some sectors, Dublin is on a premium to London," says Mr John Murray Brown, the managing director of Uster Bank. The short-term picture is far from clear. Low interest rates, which are expected to accompany any single currency, should help the construction sector. However, building activity could be badly affected if there is any decision to re-appoint European structural funds, especially with Brussels looking to take in new members to the East. Equally for Irish banks, there will no longer be rich pickings on the foreign exchange side once the Euro is in place.

Last month the Irish Stock Exchange announced that it would include the seven Northern Ireland companies already listed. The move increases the market's capitalisation by around 7 per cent at current price levels to £23bn. This is intended to increase the size of the index and squeeze out some of the trading volatility. The trend among Irish companies to internationalise their shareholder base should also provide a more stable climate. Foreigners now own up to 25 per cent of Irish shares according to official estimates. Mr Ray

Tilson, who heads Tilman Asset Management, says that five years ago 10 per cent of his business would have been with foreign clients. Today, it accounts for half. But as Irish companies seek to expand their foreign shareholder base, so increasing volumes are now handled outside Dublin - a worrying trend for the local broking community. According to

need of a shot of new equity. Of the index of 61 companies, the four leading industrials - CRH, Waterford Wedgwood, Jefferson Smurfit and Independent News-papers - account for 28.5 per cent of the market's capitalisation and 40 per cent of turnover. If the two banks are included, this figure is closer to 60 per cent. The last public offering was DCC, the industrial holding company, in mid 1994. Since then, the index has been depleted by a number of takeovers including those of Aras Energy and Flogas, the domestic gas company. Next month, the exchange authorities launch a new developing companies market in an effort to create some stock supply. Officials hope this will result in the listing of as many as 15 more companies over the first 12 months. Requirements will be less onerous than for the main market. Mr Tom Healy, chief executive of the stock exchange, says the rules have all been drawn up - the market is just waiting for Mr Ruairi Quinn, the finance minister, to decide what tax concessions he is prepared to offer to lure small companies to go public. Dublin had a Smaller Companies Market in the late 1980s, but only one of the issues then floated - Irish Continental Group - has survived. This time, officials are anxious to attract a better quality of recruits and are insisting that applicants must have one year's financial records and bring a stock exchange sponsor. The idea is to target young, high-growth companies, probably in manufacturing and international services sectors. The model that the exchange would like to emulate is the Alternative Investment Market in London. Ironically, recently, of the three Irish companies seeking public offerings, two chose AIM over Dublin.



Paris leads fresh assault on the peaks

Most leading bourses notched up fresh all-time peaks with PARIS, up 1 per cent on the CAC-40 index, turning in the strongest individual performance. Bid speculation continued to support financial shares and there were strong gains for motor stocks following news of solid car volume from Renault. Paribas was the hottest stock in a financial sector still buzzing from the planned Axa and UAP insurance mega-merger. Seen as a clear takeover target, Paribas jumped more than 5 per cent, rising FF17.701 to FF98.7. Renewed reports that Suez was on the brink of disposing of its troubled FF4.4bn property portfolio hoisted the banking group's shares FF1.10 to FF2.24. Feedback from its Geneva roadshow was said to be the main reason for a FF1.90 rise to FF1.863 at perfumes leader L'Oréal. UAP and Axa were again easily the most active stocks. UAP came off FF1.90 to FF1.341 and Axa FF1.90 to FF1.301.6. Combined volume topped 9m shares. The CAC-40 closed 22.15 higher at 2,940.33. FRANZFURT ended at best even levels, holding just above 2,800 on the Dax. The index closed at an 18.5-in-

creased 2,900.60, up 16.21. Metro, the big retailer, was the best overall performer, but most of the day's volume was concentrated among the banks where big rises were notched up for the second day running. Commerzbank, 5 pfg weaker at DM36.60, fell prey to profit-taking, but all the other leaders pushed ahead as sector consolidation stories continued to swirl through the market. Bayerische Hypo-Bank added 65 pfg to DM48 and Bayerische Vereinsbank DM1.10 to DM63.08. Metro jumped more than 3 per cent rising DM4.60 to DM12.25. THE WEEK'S CHANGES % Change Milan +3.5 Amsterdam +2.7 Frankfurt +2.5 Zurich +2.3 Paris +1.6 DM122.5 on options-driven short-covering and talk of strong pre-Christmas sales. Deutsche Telekom ended its grey market days on a firm note, closing around DM33.50. The stock is to be priced tomorrow with official house dealings starting on Monday. ZURICH achieved a second consecutive record close as the firm dollar and dovish-related short covering took the SMI index up 41.5

on the planned sale of the troubled high-tech group's PC business. However, Cofide, suspended limit-down at 0.18 stage from 1.50 short-term speculative selling after the strong buying seen on Thursday. Fiat, which for the first time ever will release nine-month sales and margins details on Monday, was 1.7% weaker at L4.30. Compart, formerly Ferruzzi, collected L5.1 to L5.7 on technical buying, possible group disposals and talk of a merger with its sister company, Montedison. Shares in Johannesburg were mixed with industrials driving forward and gold held in check by a softer bullion price. The overall index ended up 26.5 at 6,842.7 after a rise of 68.1 to 6,848.3 for industrial shares. Golds dipped 22.7 to 1,720.9. A better day for the rand and strong overnight gains on Wall Street provided upward momentum for industrial stocks. Amcoal advanced R6.75 to R349 and South African Breweries put on R1.75 to R117.75. The most volatile black spy was Chubb Holdings which tumbled R7 to R17.

Internationals provided most of the day's underpinning. Philips gained 90 cents to FI 62.60 and Royal Dutch, buoyed by oil price strength, surged FI 3.90 to FI 282.20. MILAN ran into profit-taking after a week of sustained rises. While the Comit index registered a rise of 6.21 to 600.54, the real-time Mibtel index turned back from a high of 10,417 to close just ahead at 10,028. Ennio di Napoli savings shares jumped L50.2 to L607.8 as investors continued to home in on the troubled southern bank after this week's official approval of a rescue plan. The struggling Naples bank is due for privatisation later this year as part of the bail-out package and potential buyers have until Monday to declare an interest. Olivetti, L23.3 higher at L61.1, continued its strong rally, but Mr Carlo De Benedetti's financial holding company, Cofide slumped L7.25 to L72. Analysts said that attention was still focused

Table titled 'FTSE Actuaries Share Indices' showing various indices like FTSE 100, FTSE 250, FTSE 1000, and their weekly changes and current values.

Domestic sales pressure Tokyo

ASIA PACIFIC Tokyo wiped out Thursday's gains on selling by domestic institutional investors, writes Gwen Robinson. The Nikkei 225 average fell 101.31 to 20,929.79 after moving between 20,919.64 and 21,150.61. Volume edged up to an estimated 1.2 billion shares from Thursday's 248m. Traders noted a continued revival of interest among foreign investors, particularly in steelmakers and electrical issues. However, selling by domestic securities houses dampened sentiment and kept many on the sidelines. There were hopes that the simultaneous listing in Tokyo, New York and Frankfurt next week of Deutsche Telekom might boost sentiment. The Topix index of all first-section stocks slipped 5.11 to 1,584.74 and the capital-weighted Nikkei 900 was off 0.96 at 293.83. Declining issues led advances 696 to 313 with 209 unchanged. In London, the ISE/Nikkei

index rose 3.81 to 1,438.63. Selective buying centred on companies announcing favourable interim earnings including pharmaceutical issues. Takeda Chemical Industries added Y10 to Y2,090 and Tanabe Seiyaku rose Y32 to Y2,026. Foreign buying interest failed. Foreign lift steelmakers, with Nippon Steel, the day's most active issue, falling Y1 to Y346 and Sumitomo Metal slipping Y3 to Y307. Electricals also gave ground in spite of foreign buying, with Hitachi down Y20 to Y1,010, Toshiba Y9 to Y723 and Mitsubishi Electric Y4 to Y655. In Osaka, the OSE average fell 54.48 to 21,496.12. SYDNEY closed at an active high, buoyed by the overnight gains on Wall Street and a strong rally for the banking sector. The All Ordinaries index ended up 24.8 at 2,387.3 after touching a session best of 2,391.2. Trading was active with bank shares, weak lately on the back of sector down-

margin loans. The composite index ended 7.26 higher at 750.29. Shares of Doosan Group affiliates soared after sharp falls earlier in the week on rumours that the conglomerate would financial difficulties, brokers said. BANGKOK advanced for the fourth day running after a buying spree ahead of tomorrow's general election. The SET index finished 10.11 higher at 1,000.73 in the best single-day volume since late September. TelecomAsia dipped B2.50 to B160 and Thai Telephone came off B4 to B148.50 following disappointing results. TAIPEI ended lower on caution over outstanding margin loans. The weighted index lost 14.19 to 6,587.44 on turnover of \$747.9m. SHENZHEN's hard currency B shares jumped 2.9 per cent on buying triggered, in part, by speculation that local securities regulators planned measures to support the market. The index rose 2.58 to 91.17.

Table titled 'THE WEEK'S CHANGES' showing percentage changes for various Asian markets like Bangkok, Sydney, Hong Kong, Taipei, and Tokyo.

FT/S&P ACTUARIES WORLD INDICES

Large table showing FT/S&P Actuaries World Indices for various countries and regions, including Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Indonesia, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, and USA (2434).

LONDON EQUITIES

Table titled 'LIFE EQUITY OPTIONS' showing various options like ASBA, ASIA, ASIA (2434), ASIA (2434), ASIA (2434), etc.

Table titled 'RISKS AND FALLS' showing various risks and falls like British Funds, Other Fixed Interest, Mineral Extraction, General Manufacturers, Consumer Goods, Services, Utilities, Financials, Investment Trusts, and Others.

Table titled 'LONDON RECENT ISSUES: EQUITIES' showing various equity issues like issue amt, price paid, date, etc.

Table titled 'RIGHTS OFFERS' showing various rights offers like issue amount, latest price, etc.

Table titled 'FT 30 INDEX' showing various index values like FT 30, Div. yield, P/E ratio, etc.

Table titled 'FT GOLD MINES INDEX' showing various gold mines index values like gold mines index, etc.

Table titled 'TRADEPOINT INVESTMENT EXCHANGE' showing various trade point investment exchange values like daily turnover, volume, etc.

Table titled 'TRADEPOINT INVESTMENT EXCHANGE' showing various trade point investment exchange values like daily turnover, volume, etc.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission...

Details relate to those securities not included in the FT Share Information Service. The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday...

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

British Funds, etc

Investment 10% S&P 1996 - 5.00 Treasury 10% S&P 1996 - 5.00 Conversion 10% S&P 1996 - 5.00...

Listed Companies

(excluding investment trusts) Abbey National PLC 7 1/4% Non-Cum 5th Prt Div 21 - 109 (12/96)...

Corporation and County Stocks

Birmingham Corp 3 1/2% 1992-93 - 33 (12/96) B&A PLC 3 1/2% 1992-93 - 102 (12/96)...

Foreign Stocks, Bonds etc

Coupons Payable in London B&A PLC 3 1/2% 1992-93 - 102 (12/96)...

Debt Issuance

Programmes Bradford & Bingley Building Society Col Prg Rtn 1st 2nd 3rd (Prg) - 109 (12/96)...

Overseas Borrowings

European Investment Bank 10% Ln S&P 2001 (Rdgt) - 106 (12/96)...

Starting Issues by

Overseas Borrowings European Investment Bank 10% Ln S&P 2001 (Rdgt) - 106 (12/96)...

Bradford & Bingley Building Society 1 1/4% Perm Int Bearing S&P 2000 - 129 (12/96)...

Indigo PLC 5 1/2% Cum Subord Bds 10/96/97 (12/96) 4 (12/96) 4 (12/96)...

P & O Property Holdings Ltd 8% Ln S&P 97/98 - 89 (12/96)...

Southwest Investment Trust PLC 10 1/4% Deb S&P 2016 - 117 1/2 (11/96)...

Find out why so many expatriates look to RESIDENT ABROAD for help

When moving abroad, you need to be fully informed of the opportunities - and the pitfalls - that you will face. Thankfully there is a monthly publication which can help...



MAKE YOUR MONEY WORK HARDER

There's a bewildering array of expatriate financial services out there - and they all want your hard-earned money. Our in-depth, but easy-to-read, coverage...

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Form for requesting a free cost estimate for FT's research services, including fields for name, position, and contact information.



BUY TRUSTS SPLIT CAPITAL - Cont.

Table listing Buy Trusts Split Capital with columns for company name, price, and other financial data.

OTHER INVESTMENT TRUSTS

Table listing Other Investment Trusts with columns for company name, price, and other financial data.

INVESTMENT COMPANIES

Table listing Investment Companies with columns for company name, price, and other financial data.

RESUR & HOTELS

Table listing Resur & Hotels with columns for company name, price, and other financial data.

LIFE ASSURANCE

Table listing Life Assurance companies with columns for company name, price, and other financial data.

MEDIA

Table listing Media companies with columns for company name, price, and other financial data.

OIL EXPLORATION & PRODUCTION

Table listing Oil Exploration & Production companies with columns for company name, price, and other financial data.

OIL, INTEGRATED

Table listing Oil, Integrated companies with columns for company name, price, and other financial data.

OTHER FINANCIAL

Table listing Other Financial companies with columns for company name, price, and other financial data.

PAPER, PACKAGING & PRINTING

Table listing Paper, Packaging & Printing companies with columns for company name, price, and other financial data.

PAPER, PACKAGING & PRINTING - Cont.

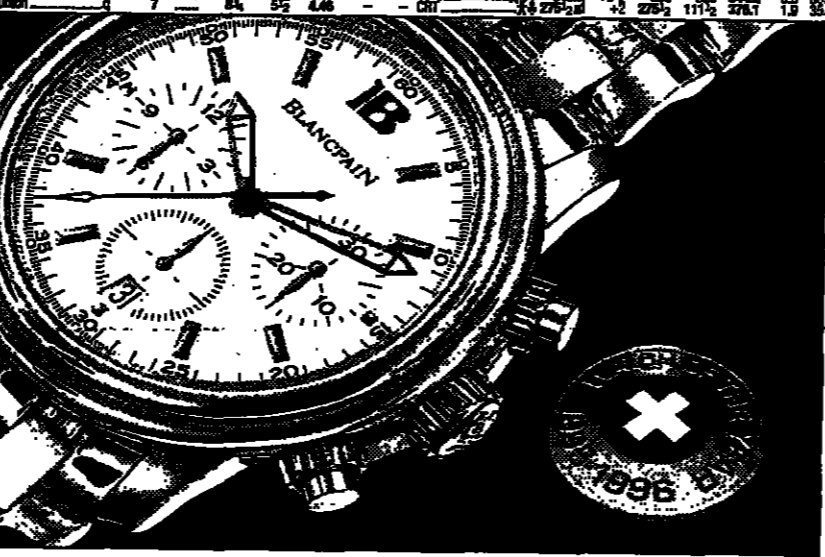
Table listing Paper, Packaging & Printing companies (continued) with columns for company name, price, and other financial data.

PHARMACEUTICALS

Table listing Pharmaceutical companies with columns for company name, price, and other financial data.

PROPERTY

Table listing Property companies with columns for company name, price, and other financial data.



PROPERTY - Cont.

Table listing Property companies (continued) with columns for company name, price, and other financial data.

RETAILERS, FOOD

Table listing Retailers, Food companies with columns for company name, price, and other financial data.

RETAILERS, FOOD - Cont.

Table listing Retailers, Food companies (continued) with columns for company name, price, and other financial data.

RETAILERS, GENERAL

Table listing Retailers, General companies with columns for company name, price, and other financial data.

SUPPORT SERVICES

Table listing Support Services companies with columns for company name, price, and other financial data.

SUPPORT SERVICES - Cont.

Table listing Support Services companies (continued) with columns for company name, price, and other financial data.

TELECOMMUNICATIONS

Table listing Telecommunications companies with columns for company name, price, and other financial data.

TEXTILES & APPAREL

Table listing Textiles & Apparel companies with columns for company name, price, and other financial data.

TOBACCO

Table listing Tobacco companies with columns for company name, price, and other financial data.

TRANSPORT

Table listing Transport companies with columns for company name, price, and other financial data.

WATER

Table listing Water companies with columns for company name, price, and other financial data.

AIM

Table listing AIM (Alternative Investment Market) companies with columns for company name, price, and other financial data.

AIM - Cont.

Table listing AIM companies (continued) with columns for company name, price, and other financial data.

AMERICANS

Table listing American companies with columns for company name, price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for company name, price, and other financial data.

SOUTH AFRICANS

Table listing South African companies with columns for company name, price, and other financial data.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Ecolat, part of Financial Times Information. Company classifications are based on those used for the FTSE 100 and FTSE 250 indices. ...

HOW ABOUT A SHARE THAT GOES FORWARD INSTEAD OF UP AND DOWN?

FINANCIAL TIMES

Weekend November 16/November 17 1996

LEGAL DEFINITIONS
mediation is a gathering of various groups outside...
Rowe & Maw
LAWYERS FOR BUSINESS

Tung poised to be first HK chief after handover

By John Fiddling in Hong Kong

Mr Tung Chee-hwa, the shipping magnate, is poised to become Hong Kong's first post-colonial governor after the territory returns to Chinese sovereignty next July.

In the first stage of the selection process yesterday, a 400-member electoral college, chosen by a Beijing-appointed committee, gave Mr Tung 206 votes - a substantial lead over Sir Ti Liang Yang, the former chief justice, who had 82 votes, and businessman Mr Peter Woo who had 54.

Although some members of the college could change their minds before the final run-off on December 11, the margin of Mr Tung's victory means the contest should be a formality.

He has been viewed as the front-runner since January, when Mr Jiang Zemin, the Chinese president, made a point of shaking his hand during a gathering of Hong Kong business and political leaders in Beijing. His mainland China connections are seen as important in addressing sensitive issues during the transition.

Mr Qian Qichen, China's foreign minister, rejected charges that the choice was pre-ordained and described yesterday's ballot as a democratic breakthrough for Hong Kong.

"For the past 150 years, the governors appointed by Britain numbered more than 20-odd - but did they ever consult the people of Hong Kong? Of course not," he said, referring to the fact that the electoral college is composed of Hong Kong residents.

Pro-democracy politicians dismissed his claim, calling the selection process a charade and condemning Beijing's plans to scrap the territory's elected legislature.

The provisional legislature, which will replace the existing Legislative Council, will be appointed next month by the electoral college, which is dominated by business leaders and pro-Beijing political groups.

Pro-democracy activists staged protests outside the harbourfront convention centre where yesterday's ballot was held. They demanded the release of jailed dissidents and criticised China's policies.

"The provisional legislature is a great step backwards for democracy," read one banner.

Although Sir Ti Liang headed recent opinion polls, Mr Tung's lead is likely to be well received by the business community. He is seen as a conservative with strong Beijing connections, but also with experience of the British-backed administration.

Until June this year he served on the inner cabinet of Mr Chris Patten, the governor. He has also indicated that he would retain Mrs Anson Chan at the top of the civil service, should he become chief executive, as the post-colonial governor will be known.

Mrs Chan was the popular choice for the post before resigning herself out of the running earlier this month.

Mr Tung, who resigned last month as chairman of Orient Overseas, has dismissed claims that he is indebted to Beijing for backing a capital injection that rescued the family-controlled shipping group from bankruptcy in the 1980s.

Yeltsin aide denies taped talk of election funds plot

By Chrystia Freeland in Moscow

A Moscow newspaper yesterday published the transcript of a Kremlin conversation which - if it took place - could fatally discredit Mr Anatoly Chubais, the president's chief of staff.

In what threatens to become a Russian version of the Watergate exposé, the pro-reform Moskovsky Komsomolski, the best-selling Moscow daily, printed the text of what it said was a tape-recorded meeting in which Mr Chubais and two other top presidential aides discussed covert funding of Russian President Boris Yeltsin's re-election campaign.

In a conversation the paper said took place in the President Hotel, headquarters of the Yeltsin campaign, on June 22, the three men also plotted to block investigations by the state prosecutor into these financial dealings and to threaten political rivals with prison to guarantee their silence.

The Kremlin swiftly denied the report, saying the published conversation had never taken place.

"The article is part of an orchestrated campaign to discredit presidential power after the successful operation on Boris Yeltsin," Mr Chubais said, according to the Russian news agency Interfax.

The two other alleged participants in the conversation also denied it.

After a stormy debate in the Russian parliament, Mr Yeltsin urged the police to step up their investigation into the political and financial abuses discussed in the transcript.

Mr Gennady Seleznev, the Communist speaker of parliament, said that if the transcript was genuine, Mr Chubais should be sacked.

If authentic, the transcript would present a hair-raising vision of how the Kremlin's new masters operate. It includes an admission that a fiercely denied scandal this summer - when two campaign staffers were allegedly caught smuggling \$500,000 cash out of the White House, the seat of the Russian government - was true.

Moskovsky Komsomolski hinted that the recording had been leaked by the presidential security service, many of whose functionaries remain loyal to their former chief, Gen Alexander Korzhakov.

The general, once one of Mr Yeltsin's closest confidants, was sacked two days before the recording was made, reportedly took place and is a sworn enemy of Mr Chubais.

Tung's triumph

The overwhelming victory by Mr Tung Chee-hwa in the opening ballot to "elect" Hong Kong's first chief executive supports the assumption that it was always a one-horse race. But from a business perspective, Mr Tung looked the best of a motley crowd of horses.

The shipping tycoon should stand up for business interests. And while he may lack the vigour to resist erosion of China's "one country, two systems" formula for Hong Kong, he can be expected to support one country, two economies. Furthermore, Mr Tung should have Mrs Anson Chan, current head of the civil service, as his deputy. That would do much to ensure a smooth transition to Chinese sovereignty on July 1.

Certainly, Hong Kong's most tangible barometer of confidence, the property market, suggests blue skies to come. Residential prices have risen more than 20 per cent this year. And since the Chinese authorities are keen to ensure a prosperous handover of Hong Kong, there is a strong political incentive for a boom. Austerity measures in mainland China are easing, and mainland money already accounted for an estimated 26 per cent of property transactions by value this year.

The one potential party-pooper for the stock market is a US interest rate rise. Hong Kong is sensitive because its currency is pegged to the US dollar, and shares have been driven more by liquidity than earnings growth. Nonetheless, stock market ratings still look modest, and with the Chinese economy recovering the signs are auspicious for a further rally.



But such considerations are only part of the picture. BT's golden share is apparently needed to protect national security. On the face of it, this seems a better reason than that given earlier this year when the government used its golden share in National Power to block a bid, citing the lack of competition in the electricity market.

Perhaps the government needs its BT golden share to snoop on terrorists or prevent hostile countries eavesdropping on its own calls. But even if one grants this, it is still unsatisfactory that the government has the right to block a takeover even when no national security issue is at stake. A good compromise might be to keep the golden share but explicitly restrict its use to national security.

Canadian airline's board resigns as cash runs out

By Bernard Simon in Toronto and Robert Gibbons in Montreal

The entire board of Canadian Airlines International has resigned to avoid being held personally liable by creditors of the troubled Calgary-based air carrier.

Canadian, the smaller of Canada's two national airlines and 33 per cent owned by AMR, parent of the US-based American Airlines, has warned it will stop flying unless its 18,400 employees accept a 10 per cent wage cut by November 27 as part of a financial and operational restructuring.

The airline says it has insufficient cash reserves to tide it over the slow winter season.

Most of the airline's unions have rejected the ultimatum, but some employees have

asked union leaders to allow a free vote on the matter.

Canadian has struggled since it was formed in the late 1980s by a merger of Canadian Pacific with charter carrier Wardair and a number of regional carriers.

It has a relatively weak route structure and has faced stiff competition from newly privatised Air Canada and two new no-frills carriers in its core western market.

Its losses have totalled C\$1.35bn (\$930m) over the past five years, and it has several times wrung concessions from employees and creditors. Earlier this month, the national government and British Columbia and Alberta gave Canadian a month's grace on loan repayments.

AMR contributed C\$246m in new equity three years ago

when it bought its stake, equal to a 26 per cent voting interest, the maximum allowed under Canadian law. The investment was heralded at the time as a prototype of AMR's strategy of selling its operating expertise to other carriers.

Canadian said that until a new board is constituted, its affairs would be directed by its parent company, Canadian Airlines Corp, and by AMR. It said the directors had resigned on legal advice to avoid personal financial liability.

Under the restructuring plan, Canadian would also realign its routes, shedding about 11 per cent of domestic capacity in favour of more lucrative trans-Pacific and US-Canada flights. AMR would accept a cut of about one-third of the C\$148m in annual fees it collects from Canadian.

German government cuts borrowing

Continued from Page 1

ing "make-work" schemes, would exceed 5.3m, or 15 per cent of the labour force.

Mr Waigel rejected these objections, insisting the agreed savings created the conditions for undercutting the Maastricht deficit limit "with a sufficient margin of safety".

However, he admitted that federal borrowing this year would total DM73bn, compared with the planned DM59.5bn.

Moreover, Mr Adolf Roth,

the leader of the government MPs in the budget committee, acknowledged that DM55bn of tax revenues were at risk unless agreement on planned tax changes was reached with opposition-controlled state governments.

The government's latest budget draft has sharply increased the revenues expected from privatisation next year to DM3.9bn from DM3.0bn.

In addition to the expected sale of 75 per cent of Postbank, originally valued at DM3.1bn,

Bonn expects about DM2.9bn from its 35.7 per cent stake in Deutsche Lufthansa, the German airline, following this week's decision by the European Commission to permit the sale.

The Lufthansa privatisation is expected in the second half of next year although the finance ministry is investigating the possibility of "parking" the airline stake with the government-owned Kreditanstalt für Wiederaufbau to boost privatisation proceeds in 1996.

Foreign exchange

The legendary foreign exchange trader - champagne swilling, Ferrari-driving scourge of central banks - faces lean times. Industry profits are under pressure and barely a week passes without a leading bank announcing job cuts.

Staring's rally has provided some relief, but the industry is experiencing its poorest year this decade.

Profits are falling because markets are quiet and margins thin. There are smaller economic imbalances between leading economies, and hence less work for exchange rates to do. Greater stability means fewer profitable trading opportunities, and reduced customer business too, because companies hedge less when rates are stable. Margins, meanwhile, have fallen because

Golden shares

Should the UK abandon its golden share in British Telecommunications? The company itself appears to want this. The existence of the golden share, which allows the government to stop anybody taking a stake of more than 15 per cent in BT, could cause complications in gaining approval for BT's planned takeover of MCL. Washington might well ask why it should let BT buy MCI if no US company could ever buy BT - or, for that matter, Cable and Wireless, which is protected by a similar golden share.

In practical terms, removing the golden share might not mean much. After joining up with MCI, BT would probably be too big for anybody to acquire. Even smaller C&W would not easily become a takeover candidate, as any prospective acquirer would still have to square Beijing given C&W's stake in Hong-Kong Telecom. Still, removing the golden shares could, at the margin, keep managers on their toes.

FT WEATHER GUIDE

Europe today

Most of the western part of the continent will be cold with temperatures below 10C as far south as central Spain. The British Isles and Germany will be cloudy with local fog. Southern France, Spain and the Alps will have cloud and rainy periods with snow above 1,600 metres. A series of disturbances will cause rain in most of western and southern Scandinavia, Ireland and Scotland. Cloud is expected in Poland and Russia and fog will be common in central Russia. England, north-western France and Portugal will remain dry with sunny periods.

Five-day forecast

The UK and the western part of the continent will turn unsettled with cloud and rainy periods but temperatures will rise slightly. Scandinavia will continue changeable. Cloud, rain and snow in the Alps will spread into central Europe and later into south-eastern Europe.

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	sun 29	Bangkok	sun 31	Beijing	sun 17
Accra	sun 28	Batavia	sun 29	Berlin	sun 11
Algiers	sun 22	Bombay	sun 30	Buenos Aires	sun 15
Amsterdam	cloudy 4	Brazzaville	sun 23	Cardiff	sun 11
Athens	sun 18	Bujumbura	sun 24	Casablanca	sun 19
Atlanta	sun 13	Colombo	sun 28	Chicago	sun 19
B. Aires	cloudy 24	Copenhagen	sun 30	Cologne	sun 10
Bham	cloudy 5	Dakar	sun 29	Dallas	sun 17
Bangkok	sun 34	Dhaka	sun 28	Darwin	sun 30
Barcelona	sun 14	Dubai	sun 28	Detroit	sun 12
		Dubrovnik	sun 18	Edinburgh	sun 12
		Geneva	sun 12		
		Hankow	sun 26		
		Hong Kong	sun 28		
		Houston	sun 20		
		Islamabad	sun 14		
		Jakarta	sun 32		
		Jersey	sun 15		
		Karachi	sun 33		
		Kuala Lumpur	sun 28		
		La Paz	sun 19		
		Lima	sun 24		
		London	sun 13		
		Luxembourg	sun 10		
		Lyon	sun 12		
		Madeira	sun 20		
		Madrid	sun 17		
		Manila	sun 28		
		Medan	sun 28		
		Melbourne	sun 17		
		Mexico City	sun 20		
		Miami	sun 26		
		Milwaukee	sun 12		
		Montreal	sun 3		
		Moscow	sun 5		
		Mumbai	sun 30		
		Nairobi	sun 22		
		Nagasaki	sun 19		
		Nassau	sun 26		
		New York	sun 12		
		Nice	sun 21		
		Niagara	sun 13		
		Osaka	sun 19		
		Paris	sun 10		
		Perth	sun 12		
		Prague	sun 20		
		Rangoon	sun 22		
		Reykjavik	sun 8		
		Rome	sun 14		
		S. Francisco	sun 14		
		Seoul	sun 9		
		Singapore	sun 31		
		Stockholm	sun 6		
		Strasbourg	sun 5		
		Sydney	sun 17		
		Taipei	sun 27		
		Tel Aviv	sun 27		
		Tokyo	sun 13		
		Toronto	sun 15		
		Vancouver	sun 8		
		Vienna	sun 15		
		Warsaw	sun 10		
		Washington	sun 9		
		Wellington	sun 15		
		Winnipeg	sun 5		
		Zurich	sun 8		

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Weekend FT

There is a challenge to the Pacific Age, argues Richard Hall, who thinks the west ill-advised to ignore Islam's trading tradition

Stirrings from the Indian Rim

CONTENTS



Fashion: If you could start a wardrobe from scratch **IV**

Perspectives: A good place to raise kids? **III**

Travel: Nicholas Woodworth talks with the Sioux tribe **VIII**

Food and drink: Jancis Robinson on wine, plus good food by mail order **XII, XIII**



Sports: Euroceptic fans are conquered **XI**

Books: A re-evaluation of 'medicore' Brodsky **XIX, XX**

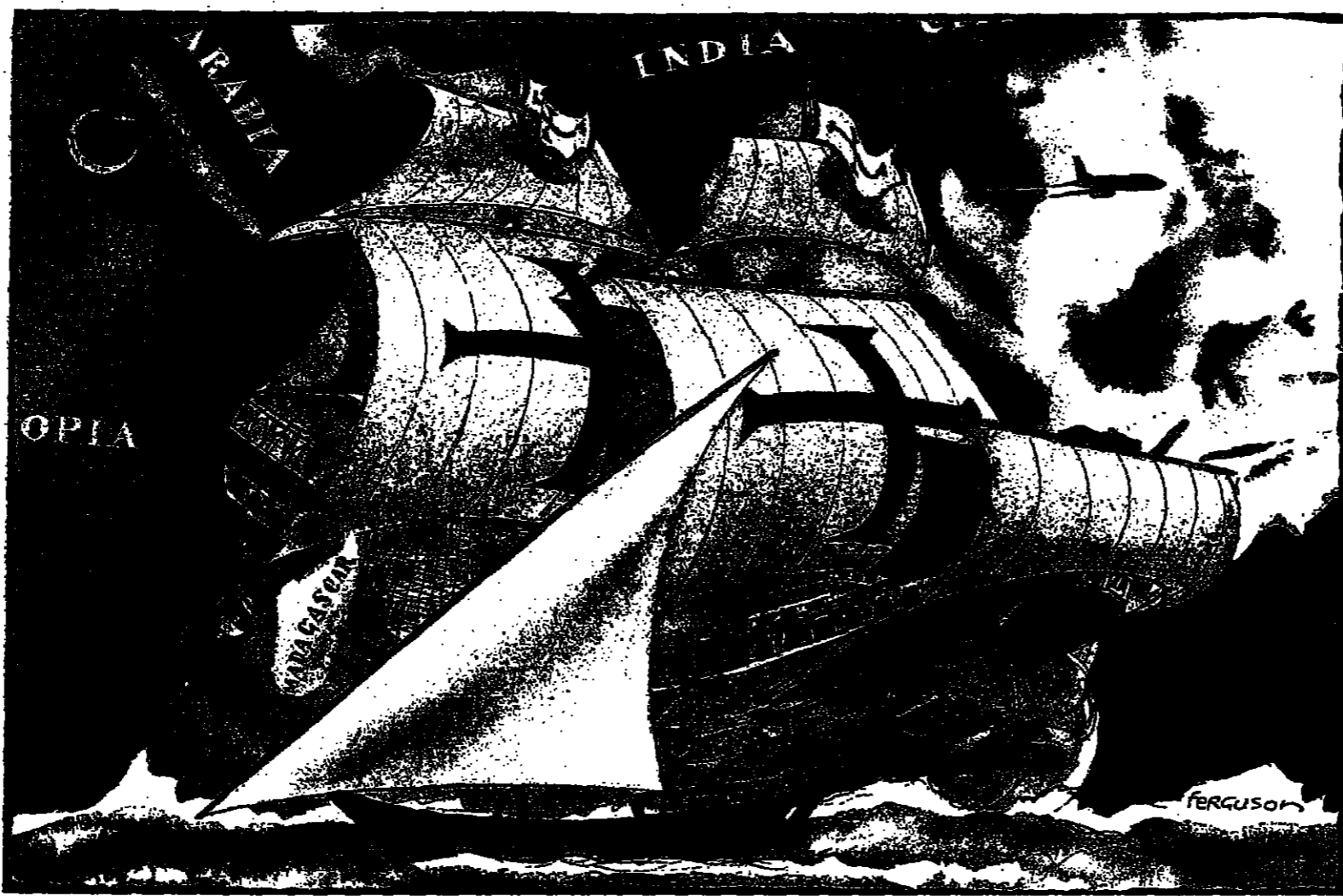
Interviews: The woman who knows what Art is **XIII**

Arts	XVII, XVIII
Books	XIX, XX
Style	IV
Travel	VIII
Food & Drink	XII, XIII
Science	XVI
How To Spend It	V, VI
Motoring	XV
Perspectives	III, XI
Property	XIV, XV
Schools	II
Sport	X
Small Business	I
Special	XXI
Travel	VI-IX
Weekend Investor	XXII, XXIII

When Pope Alexander VI divided up the known world between Ferdinand and Isabella of Spain and King Manuel of Portugal at the end of the 15th century, Manuel was thrilled at getting the better of the bargain. For him, it was the opulent Indian Ocean, with all its spices, jewels and gold. The Spaniards were making do with some seemingly barbaric and barren lands found by Columbus while trying to reach what is now called the Pacific Rim.

King Manuel proudly declared himself Lord of the "navigation and commerce of Ethiopia, Arabia, Persia and India" - the bountiful lands where fortunes were waiting to be made. Beyond them, past the Straits of Malacca, were shores and oceans which seemed far less promising. Fears still lingered that ships would fall off the end of the world if they ventured into waters far beyond the Indian Rim.

That *terra incognita*, the Pacific region, is the engine of the world economy. Japan has blossomed, China is on the rise, Chile has overcome dictatorship and the west coast of the US is where present and future fantasy is made and marketed. In retrospect, Ferdinand and Isabella appear to have been given the prime real estate.



But there are stirrings in the Indian Ocean that could challenge the Pacific Age. The idea is easy to mock. The images evoked by a mention of the Indian Ocean is of languid, paradise, a honeymoon destination, or a scene of tragedy in which the slyer side of casualty figures makes for economic mission. Regional co-operation seems an impossibility, its way blocked by religious dispute and ethnic division.

The stereotype absurdly underestimates the present economic strength and ignores the commercial past of the Indian Rim. Traditions of international trade were established in a region that now appears to have a permanent high-risk investment rating.

But even a glance at the geography hints at the potential. At the rim's north-west corner are Saudi Arabia and the Gulf states, the

world's richest countries in per capita terms, possessing more than 60 per cent of the world's proven oil reserves. On the south-east flank of the Indian Ocean are Malaysia and Singapore, economic success stories already, and beyond them, the emerging giant of Indonesia and mineral-rich Western Australia with its brash capitalism.

The fulcrum of the entire region remains India, with a population projected to surpass that of China by early next century. Bombay (once sold by Charles II to the East India Company for £10) now vies with Shanghai as the biggest and fastest-growing industrial city in the world.

In post-apartheid South Africa there is much talk of symbiosis around the Indian Ocean Rim, a term thought first used politically and publicly by President Nelson Mandela during a speech in

India last year. There is evidence that these statements are more than well-meant words. Telekom Malaysia, partnered by SBC of Texas, has bid for a 1bn dollar stake in Telkom of South Africa. A group from the United Arab Emirates has a \$650m scheme to build an iron ore reduction plant in Mozambique.

Yet it is not just 20th century enterprise that reveals how the Indian Ocean can be a self-generating economic entity. History shows that the ocean had always served as a natural link between the east and west extremes of the known world. European invaders, inspired by religion and then by the certainty of their economic destiny, arrived to shatter these organic patterns of trade.

In the words of Professor Michel Mollat du Jourdin, a

French historian, it was "a zone of encounters and contacts... a centre for all types of exchanges... a privileged crossroads of culture from earliest times".

Two proofs of this passage of ideas and icons are an erotic ivory statuette of an Indian goddess dug out of the ruins of Pompeii, and the bronze representation of the Greek sea god Poseidon found in the remains of a 2,000-year-old trading post on the west Indian coast. These had been carried in opposite directions across the classical world by merchant-adventurers from the Mediterranean, making their way down the Red Sea to join in the already thriving "monsoon trade" across the Indian Ocean.

Arab, Persian and Indonesian navigators already

knew to the week - almost to the day - which was the right moment to set sail for distant ports. The alternating monsoons blew at precisely regular times of the year (nowadays, environmentalists say gloomily, these winds have grown far less predictable).

The Indian Ocean supplied Europe, during the heyday of the Roman empire, with spices, perfumes and jewels. It was also the source of Chinese silk, for which rich Romans would pay fabulous prices. According to Caus Julius Solinus, a 4th century historian, India had 3,000 great cities and "was believed a long time to be the third part of the world".

After the collapse of Rome, the global balance of wealth and civilisation shifted to the Indian Ocean region for 1,000 years. Scholars in Baghdad and other great

cities ruled by the Moslem caliphs translated and studied the literature of Greece, Persia and India. When the English were still trying to fend off Viking raiders, the earth's circumference was being calculated to an accuracy of within 70 miles by al-Biruni, a scientist in the Punjab.

Scholarship apart, the enclosed world of the Indian Ocean was one vast market economy. Everywhere the merchants were supreme, rickety their lives for profit in creaking ships with the distinctive lateen sails, still to be seen on dhows today. They voyaged to China, or 3,000 miles down the East African coast to Mozambique, bartering for gold, ivory and slaves.

The coastal city of Siraf, just inside the entrance to the Gulf, was the greatest port in the world, until an

earthquake shattered it in AD 977. (Today there is only an Iranian fishing village on one corner of its vast site.) Siraf was replaced by Hormuz, closer to the mouth of the Gulf, which Marco Polo visited during his overland journey to Cathay.

He approved of the local date wine, which "loosened the bowels and made a thorough purge", but condemned the ships he saw in Hormuz harbour because the passengers were packed in alongside Arabian war-horses destined for the armies of Indian rajahs. Moreover, the vessels were only held together with coir and Marco Polo decided it was highly dangerous to sail in these ships: "And you can take my word for it that many of them sink, because the Indian Ocean is often very stormy."

Marco Polo was right on both counts. The "sewn boats" frequently did sink - although that never deterred the merchants - and the Indian Ocean can be quite unlike the azure millpond of the tourist brochure. The ocean seems small when set against the watery expanse of the Pacific - a mere 10m square miles compared with 50m - but there is violence in its moods.

Even so, the tropical ports were havens for the early European navigators after they had battled through the south Atlantic gales and rounded the Cape of Good Hope. Next year marks the 500th anniversary of the landfall by Vasco da Gama and his three small Portuguese ships on India's Malabar coast (now Kerala). It will also be the 50th anniversary of the British departure.

Earlier in the 15th century, the Chinese had also come to Malabar, in vast armadas of junk commanded by admiral Zheng He, the Grand Imperial Eunuch of the Ming Emperor. The Chinese, who sailed as far as the Red Sea, were not only making a show of force; they wanted to find new markets for surpluses from their state-run factories - the junks carried porcelain plates as ballast.

The Chinese came and went and are returning. Having virtually ignored the

Continued on Page II



Joe Rogaly

Let's get the word on the street

Inability to read might not be a cause of crime but is probably a contributory factor

English is becoming the world's *lingua franca*, yet learning to read and write in it can be the very devil. In a language in which "cough", "bough" and "rough" rhyme with "doff", "caw" and "huff", children cannot rely on logic as a pathway to literacy. This is a nuisance to most of us, a pain for dyslexics. I mention them because a century has passed since they attracted attention.

That's right. A century. The first recorded case of dyslexia was reported in the British Medical Journal in November 1896. Yet some teachers still refuse to believe that the affliction exists. Most are ignorant of the ways in which it can be

treated. Several regard it as a middle-class excuse for poor performance.

Few seem to be aware that word blindness can strike anyone, and that it can be overcome. If it is not, schools turn out truculent semi-literates.

We shall return to that dire prospect. First, let us ask whether the villain of the piece is the English language. Yes and no, says my database. New Scientist recently told of a 17-year-old boy, named AS, who easily reads university physics textbooks in Japanese, yet lags behind his Japanese peers in deciphering English. His parents are English-speaking; he understands their spoken words.

Filing from Tokyo, the Asahi News Service describes a visiting American specialist's approach to teaching English reading. This turns out to be common sense.

You spell out the sounds of letters and put them together to make words. Asahi notes that that is similar to the way Japanese infants are taught hiragana and katakana - scripts that carry a single sound for each character. Perhaps this explains the low incidence of illiteracy in Japan.

The plot thickens when you come to kanji. Its ideographs, which were derived from Chinese, can be pronounced in the original manner or in a particularly

Japanese way. You have to know the context. People schooled in European languages find kanji extremely difficult. Yet, we are told, AS reads it at undergraduate level. Perhaps he is stymied by English spelling, is that where the fault lies?

Not entirely, it seems. Greek is murder. It has seven vowels and four diphthongs but only five vowel-sounds. French spelling is complicated and uses letters that are not pronounced. German and Czech, both phonetically spelled languages, have their dyslexics, but they make different mistakes from English children.

You can gather such nuggets from a website run by the World Dyslexia Network

Foundation. My reading of a print-out from the site suggests that while English alone does not cause dyslexia, it sure doesn't help. But then, I am an ignoramus.

Several studies indicate that the underlying cause is a pattern of abnormality in the brain. Scientists at the National Institute of Mental Health, Maryland, have demonstrated that dyslexic individuals show no activation of the V5/MT brain area, which specialises in the perception of movement. They ran dots before the eyes of six dyslexic men and eight controls and measured what happened.

On another trail, Margaret J. Snowling characterises

word blindness as a verbal, rather than a visual, disorder. "Converging evidence," this professor of psychology writes, "supports a specific theory, that dyslexic readers have phonological (speech) processing difficulties."

We need not pursue this debate. It is clear that when people have trouble recognising or placing words on a page their brains are not working as they should. That is all we need to know. One consequence is that prisons on both sides of the Atlantic are full of dyslexics. Inability to read is not in itself a cause of crime, but it is probably a contributory factor. If you come from a sink school in a hopeless area, full of memories of

frustration in the classroom, burdened by low self-esteem, you might throw a brick through a window.

Most people have heard of famous sufferers, such as Leonardo da Vinci and Charles Darwin, but our focus should be on badly taught children in low-grade schools. Unable to read, they are unemployable and know it. They turn nasty, and no surprise.

This is something governments can tackle. Specialised teaching can enable young children to overcome reading difficulties. That is the essence of the message currently being broadcast by the British Dyslexia Association. Diagnose the impairment at primary school.

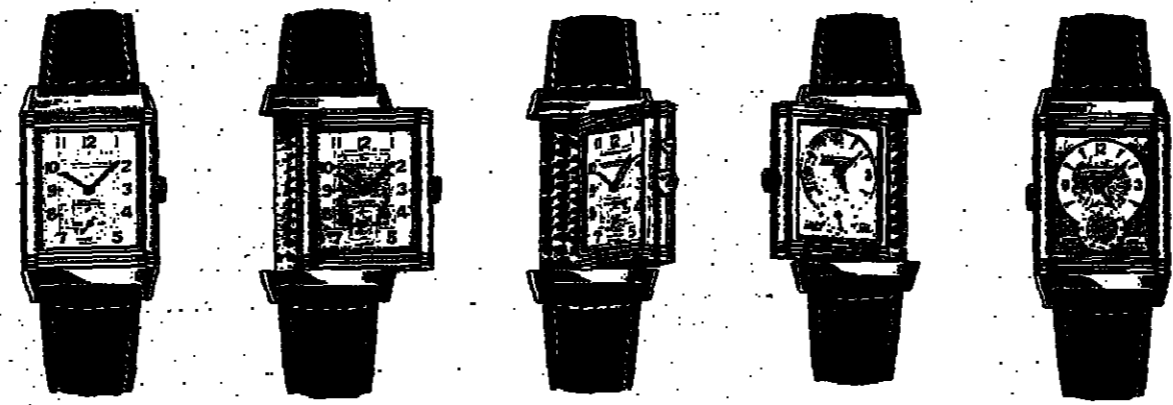
Offer the word-blind a variety of approaches, including learning by handling cut-outs of letters, hearing the alphabet, looking at the three-dimensional models, even smelling and tasting them. Funny. That is what the Japanese do with Kanji characters.

The British government emphasises phonics, spelling out each letter and combining them to make words. My prejudice lies in the same direction. It seems reasonable to encompass the BDA's "multisensory" methods as well. The combination is demonstrably suited to would-be readers of English. The downside is that it takes time, and therefore money.

The days in which it hardly mattered if a great many people could not read are long gone. There are too few mindless jobs. We have to teach every child to read, even if it has to be in English.

<http://www.surrey.ac.uk/Psychology/WDNF/front.html>

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PERSPECTIVES

The Nature of Things / Andrew Derrington

Climactic comet or April fool fizzle?

Hale-Bopp has all the ingredients for astronomy's show of the century, but we cannot be sure

Astronomers around the world have their fingers crossed. They are hoping for a spectacular display from comet Hale-Bopp as it passes through the northern skies next spring. The show should be at its best when the comet reaches its closest point to the sun on April 1, before returning to the outer reaches of the solar system.

Hale-Bopp has been visible since July last year and astronomers have been able to plot the comet's trajectory for long enough to work out the details of its timetable. But nobody knows yet whether the show will have a brilliant climax with the comet streaking through the skies trailing a fiery tail behind it, or whether the cloud of dust and gas that makes up the tail will fizzle out before the show gets going.

Although the preliminary signs look good, there are three

reasons why nobody can be sure whether Hale-Bopp is going to be the astronomical show of the century or a damp squib. The first is that the comet has no track record.

Because its orbit takes 3,000 years, this is its first performance since long before the invention of the telescope.

The second reason is that the comet's tail has not been switched on yet. Hale-Bopp has only just emerged from the deep freeze where it spends most of its time. Only when it gets close to the sun will the ice that covers its surface - comets are often described as "dirty snowballs" -

be vapourised to produce a cloud of dust and gas. This cloud surrounds the comet's nucleus to form the "coma", and stretches out behind it to make the tail. The brilliance of the spectacle that a comet provides depends critically on the amount of dust and gas in its coma and tail, which reflect the sun's light back to earth.

At present Hale-Bopp is still too far out for the sun's rays to vaporise water. Even so, it is producing promising amounts of gas, mostly carbon monoxide and carbon dioxide. But astronomers are determined to keep their optimism under control. In

1973 the comet Kohoutek produced a huge burst of gas while it was approaching but fizzled out before it arrived, to the embarrassment of the astronomers and the disappointment of the public.

"You need three things for a good show," says Iwan Williams, of Queen Mary University of London. "Size, lots of gas and the right geometry of the comet's orbit in relation to that of the earth."

So far, Hale-Bopp is looking good on all three counts, according to Williams who has spent a week observing the comet from La Palma observatory in the

Canaries. The main uncertainty is the gas supply. "The real switch on should be when it gives off water. That's when you really get the tail," says Williams. But even though everything looks set for a great show, we still can't be sure. "There might be no water on the blessed thing," he says.

The final reason that nobody can predict how good the show will be is that astronomers do not know very much about what comets are made of or how they are put together. But they are very keen to find out, because comets are believed to consist of material left over from the for-

mation of the sun and the planets.

"Comets are probably the most primitive material in the solar system," says John Zarnecki of the University of Kent.

Hale-Bopp will zip through the inner solar system much too quickly to allow astronomers to do anything more than look at it - although these observations will allow detailed analyses of the gases it emits.

But Zarnecki and his colleagues around the world are laying plans for a mission called Rosetta, to be launched in 2003 for a rendezvous with the comet Wirtanen in 2011. The plan is to

land a probe on the comet's surface to analyse the composition in detail.

Zarnecki and a group of German colleagues are hoping to measure the size and distribution of dust particles.

Williams is also involved in the Rosetta mission. He will work with a French group to analyse the structure of the comet's interior by transmitting radio waves from the probe on its surface to the main spacecraft. As the comet and spacecraft rotate, the radio signals will sometimes pass through the comet, enabling the scientists to make a sort of X-ray of its interior. This will allow them to answer the question that everybody asks when they see a snowball hurtling towards them. Is it just a snowball, or does it have a rock in the middle?

■ The author is professor of psychology at the University of Nottingham

St Cecilia, tortured and executed for her Christian faith in the third century, has inspired music festivals across Europe during November since the Middle Ages.

London's festival had died out by 1703 but it is firmly back on the musical calendar in 1996, thanks to a small business.

St Cecilia was much misunderstood. A devout Christian, she was forced by her father to marry but persuaded her heathen husband of the virtues of her faith and chastity. At her wedding, she was said to have "sung in her heart alone" as the organ played.

It is believed today that this meant she was researching worldly music in favour of prayer, yet in the 15th century, thanks to a mixture of mistranslation and misunderstanding, she became patron saint of music.

Her feast day, November 22, is again being celebrated in London, revived by Bernard and Penelope Rapson. They met as students at Oxford in 1971 and married three years later after completing their degrees in mathematics and music respectively.

Bernard, now 44, spent the next 15 years as a chartered accountant while Penelope taught and researched music. In 1982, they moved to the Northamptonshire village of Preston Capes where Penelope, who plays the harpsichord and conducts, founded Fiori Musicali, a baroque ensemble which turned professional in 1987.

It performs at least 30 concerts a year of varying sizes, the smallest involving three players while the St Cecilia-tide Festival involves a full orchestra, choir and soloists amounting to 60 performers.

By 1990, Bernard found the pressure of a full-time job and promoting Fiori Musicali too much. He left his job but kept enough management consultancy work to bring in about £25,000 a year to meet the regular bills. The rest of his time he concentrates on Fiori Musicali Ltd, of which he and Penelope are directors. One of his first moves was to secure £25,000 over three years in incentive funding from the Arts Council.

Also in 1990, the group was asked to record Purcell's ode "Hail Bright Cecilia". Bernard became fascinated by St Cecilia and suggested they should perform the ode again in 1992 in the Stationers' Hall, London, where it had first been performed 300 years earlier.

Penelope remembered: "We filled the hall on two nights. We went back again for the next two years, again featuring music celebrating St Cecilia."

Inspired by the interest, the hall, home of the Wor-



Bernard and Penelope Rapson with Josephine, their daughter, in front of a stained glass window featuring St Cecilia in Stationers' Hall, London. Lydia van der Meer

Minding Your Own Business

Thank you to St Cecilia

Grania Langdon-Down meets a couple who run a City music festival

shipful Company of Stationers and Newspaper Makers, asked them to see whether they could find sponsorship to revive the St Cecilia festival, putting £20,000 towards their research.

The response among City companies was positive and the St Cecilia-tide International Festival of Music, involving a series of concerts, followed by dinner, was held over six nights in November last year.

To organise it, Bernard re-established the Society of Gentlemen Lovers of Music, originally founded in 1683, as a charitable trust, and set up Saint Cecilia Ltd as the operating company. The festival had a turnover of £178,000 and made a profit of about £5,000.

This year's festival begins tomorrow and performers over the six nights include The Britten Sinfonia, Joshua Rifkin and the Stampa Quartet from Prague.

The Stationers' Hall seats 200 for the concerts and about 100 for the dinners. A fifth of the seats go to sponsors. The box office opened

in July and within 10 working days 70 per cent of the remaining seats had been sold with takings of £23,500. Tickets start at £55 for concert and dinner, £20 for concert alone, with discounts for group bookings.

The key to the festival's staging is sponsorship. It is run in association with the Financial Times and has received funds from the government's Pairing Scheme, aimed at encouraging more businesses to sponsor the arts.

This year there are eight sponsors. The largest is Aylesford Newsprint, which put in £24,000 this year, and Arthur Andersen Corporate Finance, which has put in £20,000 each year for the next three years. Sinclair Roche & Temperley, City solicitors, remain one of the most faithful sponsors, having supported them since their first Saint Cecilia concert in 1982.

As part of the sponsorship deal with Arthur Andersen, Fiori Musicali has been asked to stay on at the Stationers' Hall for two days

after the festival to record the final night's programme for the Metrophone record label. Planning for next year's festival is already well underway, with £95,000 in sponsorship committed.

"Putting on concerts is

The two believe in ensuring that everyone has access to the highest quality of music

desperately precarious," said Penelope. "People are just not prepared to pay market rates for the arts and outside London, we have to drop the price to about £7 a ticket or no one would come."

"The arts has never paid for itself. We have to rely on other funding."

She said it was a "gamble"

every time - balancing the costs of the performers, the size of programme, publicity and venue hire with the number and price of the tickets and the amount of funding they had raised.

"You know your market, you know the ticket price it will stand and you fit the rest around it," Bernard added. "Other ensembles have gone for touring abroad because there are better subsidies in Europe. We just stick to a very simple risk management policy. We do not make any commitments about concerts until the money is in the bank."

The festival and Fiori Musicali combined earn Bernard and Penelope about £20,000 in performance and management fees. Fiori Musicali's turnover is about £120,000, with nearly 80 per cent going on performers' fees. Overheads run at about £15,000.

Profits from Fiori Musicali and the festival are locked in a non-profit making distributing company to ensure public funding is protected.

The couple enjoy working together, with their two children also playing a part: Josephine, 13, sings in the Fiori Musicali choir and answers the office telephones; and 10-year-old son Augustine helps at concerts by handing out programmes and acting as usher.

The two believe passionately in the importance of ensuring everyone has access to the highest quality of music and they would like to run St Cecilia festivals at other venues outside London. "Our objective at the moment is survival not profit," said Bernard.

■ **Saint Cecilia Ltd and Fiori Musicali Ltd, Bank Cottage, Old Forge Lane, Preston Capes, Daventry, Northamptonshire, NN11 3TD. Tel: 01327-361380. fax: 01327-361415.**

A 12-part series about entrepreneurship - FT Mastering Enterprise - will be launched in the UK and continental European editions of the Financial Times on Monday.

Truth of the Matter

Knowing what is right

Just as I was about to interview Archbishop Desmond Tutu, earlier this year at South Africa's Truth Commission, he embarked on a short prayer. It had a strange effect on me. Most of my life I have avoided the company of clerics; there is almost nothing I hate more than the leader sermon full of non-sequiturs and forced analogies delivered at a wedding, which is the only occasion at which I cannot avoid hearing them.

I believe with A.J. Ayer, the philosopher, that if God is unable to interfere in the world, there can be very little practical advantage in belief. If I pray desperately that the Rwandan orphans may find a safe home, but God is unable to help them because he has ordered things that way (or because he does not exist), then I can see little point in prayer as prophylaxis or even as a hedged bet.

But Tutu's clear and unequivocal faith unsettled me. This man has seen some appalling things in his life. Presumably he has prayed at times for God's intervention. And presumably he has had plenty of disappointments. Yet here he was, with no apology and no warning, asking me to bow my head while he offered a short prayer. There is something extremely attractive about this directness. I wished, for a moment, that I could have shared his faith because it seemed so natural.

What is obvious about the questioning of morality in our time, is that fewer people have Tutu's clear convictions about the basis for morality. The church equivocates about homosexuality, adultery the royal family, divorce - even the liturgy.

The tabloid press has made an art form out of hypocrisy; television has no idea of what, if anything is unacceptable, and the political parties are riven by fear that their inconsistencies will be exposed. So far so familiar. But I do not believe the problem is primarily a failure of ethics. It is, in a way, more sinister: it is that no-one knows in their heart on what basis to make judgments.

In British society deference is dead. Economic, social and educational differences are extreme. So the natural leaders in matters of morality, the middle classes, lack any conviction about applying their values to others. Not only that, but the

once-dependable honesty and integrity of these classes has proved to be fragile under economic stress.

While it is manifestly a good thing to have fewer unmarried mothers, stable marriages, attentive schoolchildren, respect for the law, it is also clear that the writ of civilised society does not run to certain parts of our cities and to certain of our schools, and merely wishing it will not make it happen. Some of the blame for this rests on factors the underprivileged or ill-equipped have no control over.

When Tutu fearlessly criticises all sides for their shortcomings in South Africa, he does so from within the same Anglican faith in which most of the population of Britain were raised. But the difference is that his faith was put to the test: in South Africa the moral issues were stark and Tutu came out of the struggle with enormous authority.

In Britain, since the second world war, and particularly since the 1960s, there has been a crisis of conviction caused by the realisation that most of the institutions which shored up the nation's self-belief - church, empire, class, monarchy, parliament, City, education, police force and even the football team - proved to be morally flimsy.

If the leaders of society find that their example is not attracting respect on its merits, how do they impose respect? As A.J. Ayer wrote: "No morality can be founded on authority, even if the authority were divine." Morality will only have authority when society comes to require it as a common sense - what could be called utilitarianism - measure. In other words when it stops being an abstraction.

The truth of the matter is that no resuscitation of myth is going to do the job, but small, incremental changes are riven by fear that their inconsistencies will be exposed. So far so familiar. But I do not believe the problem is primarily a failure of ethics. It is, in a way, more sinister: it is that no-one knows in their heart on what basis to make judgments.

In British society deference is dead. Economic, social and educational differences are extreme. So the natural leaders in matters of morality, the middle classes, lack any conviction about applying their values to others. Not only that, but the

Justin Cartwright

Continued from Page 1

market for five centuries, mainland traders are returning, looking again to sell factory surpluses and establishing ever more complex commercial links in the region. No more the grand political gesture of a state-sponsored railway in east Africa, now the trade winds are blowing. They must buy oil and must sell electrical goods and clothes, polyester and cotton.

The Europeans took a different approach. At the beginning of the 16th century Vasco da Gama and his successors imposed their ferocious will with cannon fire. At the time, Muslims could only think that the ensuing terror must simply be divine punishment for their sins. Author K.M. Panikkar took a more detached view earlier this century: "The Portuguese of the 16th and 17th centuries had nothing to teach the people of India except improved methods of killing people and big-

trary in religion. Surely these were not matters of such importance as to make it necessary for Indians to feel grateful towards Vasco da Gama or his successors."

The Europeans brought with them a new concept: the ocean would no longer be free. It now belonged to them, and only those ships carrying a permit could sail on it. All others would be sunk. Joao de Barros, the 16th century Portuguese historian, explained that Muslims were "outside the law of Jesus Christ, which is the true law."

The new hegemony was equally a blow to the Hindus, ever avid for Arab dinars and other gold currencies, which they melted down to adorn their temples. Revenues from the spice trade began to go into European pockets. By a curious irony it was foreign cur-

Indian Rim stirrings

rency, of a baser sort, which literally defeated the Hindus in a great battle in 1565, south-east of Goa.

Muslim enemies caused havoc among the Hindu infantry by firing cannons

The colonists, for the most part, have gone home. Ideology has waned

packed with bags of copper coins into their ranks. Rama-raja, the 95-year-old Hindu king vainly tried to rally his fleeing troops by showering them with gold and jewels. His head was cut off and his great capital Vijayanagara (City of Victory) was rav-

aged.

By the second half of the 17th century other white intruders were busily grabbing territory in every corner of the Indian Ocean. The Dutch took the Cape, Ceylon and Indonesia, the British and French competed for India. Rivalry for spices - pepper, nutmeg and cinnamon - was bloody.

The human cost of developing Bombay was to prove severe, but the port would be crucial in helping Britain assert control over all of India.

By the middle of the next century the British had even conquered the monsoon winds. F&O steamships and rival lines sailed according to strict timetables from Suez to Bombay, and on to Calcutta and Hong Kong. The opening of the Suez Canal in 1869 gave direct access from the Mediterra-

nean to the Indian Ocean, and European supremacy seemed unchallengeable.

But the colonists, for the most part, have returned home. Ideology has waned, and the primacy of economic policy has made the rules of engagement with the rest of the Rim, and the world, clearer.

The greatest unifying factor in the Indian Ocean is Islam, often seen from the outside as a reason for the region's incoherence. The Hadj draws hundreds of thousands of pilgrims to Mecca every year, from as far afield as the Philippines, but mostly from within the Rim. India has 12m Moslems, as many as the entire population of Pakistan.

And yet the mercantile traditions of Islam are ignored when the future is mapped out in the western mind. History tells of thir-

ing communities in which viability and confidence were ultimately crushed by European forces. And the readiness to reach out to other lands for experience and wisdom has been long established, as Al Masudi, a 10th century chronicler, made clear in The Meadows of Gold: "He who stays at home beside his hearth, and is content with the information which he may acquire concerning his own region, cannot be on the same level as one who divides his life-span between different lands and spends his days journeying in search of precious and original knowledge."

■ Empires of the Monsoon, a history of the Indian Ocean and its invaders, by Richard Hall, will be published by Harper Collins on November 21, at £20.

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A go plac raise kids?

PERSPECTIVES

A good place to raise the kids? Not any more

Motoko Rich visits her old school and finds Hollywood's one-time favourite, 'everytown' is waking up to harsh realities

Petaluma, Boulevard is an unobtrusive exit off Highway 101, 40 miles north of San Francisco. A small road winds into the town from the west, passing the bowling alley, Finky's Pizza Parlor and Marvin's, a favourite breakfast haunt for lorry drivers and policemen. Down the street, old milk bottles and creaking chairs line the antique shop windows. This is old Petaluma, where, the quaint storefronts, so evocative of a small town in the 1950s, attracted Hollywood directors Frank Capra, who made *Foggy Day* Married here, and George Lucas, who filmed his teenage cruiser classic, *American Graffiti*, on Petaluma Boulevard. Cross to the east side of town, and encounter new Petaluma: a mass of pastel tract homes which commuters leave every morning to board Golden Gate Transit's bus number 76 into San Francisco. Each year another housing development is erected with a name like Woodside Village, or Cedar Farm - Highlands. Farmland has been transformed into business parks, discount shopping malls and a seven-screen multiplex cinema. Kenilworth Junior High School sits on the confluence of the east and west side. A long, barracks-like set of buildings, it nestles beneath the freeway overpass which divides the town in half. Dennis Cardwell, 13-year-old at Kenilworth for



more than 20 years. His classroom has seen hundreds of Petalumas struggle with the first buds of adolescence in an increasingly hostile environment. My hometown, and my former teachers, cannot be insulated from what is happening elsewhere in the country. It is a tabloid trism, and a statistical truth, to say America is becoming more violent - this was the stuff of many an election promise, Democratic and Republican. People may still be appalled by individual incidents, but no one is shocked by the trend. Yet, on my last visit to Cardwell's classroom, when he told me about drive-by shootings, I felt the force of a punch. "Some of my students were involved," he said, calmly. "Oh God, you mean some of them were shot?" I asked, gripping the edge of one of the small student desks. "No," he replied, stacking battered dictionaries and shuffling student essays. "I mean they were in the car." But, I wanted to protest, Petaluma is not the kind of place where people get shot. This was a place where mothers still bake apple pie, fathers wash the family Chevrolet at weekends, and the quarterback dates the captain of the cheerleaders. For better or for worse, this is what gave Petaluma its charm, making it, my parents said, a "great place to raise kids". Here, the community could feel insulated from the riots, rage and murder which character-

ised our neighbours to the south. This was, in many ways, a cosy myth, and one which was shattered when Polly Klaas, a 12-year-old Petaluma resident, was murdered in 1993 after being kidnapped at knifepoint from her home during a children's slumber party. During the two months before her body was discovered, the community rallied around her family. Winona Ryder, a Petaluma native and Hollywood star, offered a \$200,000 reward for the kidnapper's capture. Polly's case hit national, as well as local headlines. Suddenly Petaluma, once used as Everytown, USA by film-makers trying to evoke a bygone era, became another kind of Everytown, where the fears convulsing the rest of modern America could no longer be kept at bay. "The Polly Klaas tragedy

wake everyone up," said Ron Kirtley, director of the Petaluma Peoples Service Center, a non-profit organisation. "Although it did not foreshadow an onslaught of similar things to come, it did wake up this community to problems that really exist." On the day I visited Cardwell, who usually filled the room with his cackling laugh, he was quiet as he and Steve Lamb, another popular school teacher, described how their jobs had shifted from education to social work. Increasingly, students would not attend classes for days, appearing when the mood struck, and then, rarely sober. One girl, the daughter of drug addicts, bragged of sleeping rough in the fairgrounds at night. Another boy snuffed felt-tip pens to

get high in class. And then, the parents. One mother, when invited to discuss her child's unruly behaviour, coldly informed Cardwell that she had finished raising her son. "The kid's 12 years old," she said. "Now he has to take care of himself." At the nearby school for students with social difficulties, one student who ran away from home returned two weeks later to find his parents had moved. They left no forwarding address. "These kids are screwed up," Cardwell said. "They have drug addicts for parents. They've raised themselves." As someone who shudders when political parties make an issue of 'family values', I struggled to find a way of explaining what was, in some ways, more troubling than Polly's death. For her death was a tragic, but random, incident; my teachers were telling of a trend.

I wondered if I had just been sheltered when I was growing up and that the streets were meaner than I had realised. Marilyn Stratford, my English teacher in high school, said she wasn't sure. "I feel differently about it each day," said Stratford, who is now headmaster of the high school. "Sometimes I feel it's getting worse all the time. Other days I think maybe it has always been like this." When I asked civic leaders what was happening, some referred to racial diversification and the arrival of outsiders. Sadly, it is not surprising to hear such sentiments in a state where earlier this month voters backed a call to end affirmative action through racial quotas and two years ago voted to exclude illegal immigrants from a wide range of state services.

Patty Hillgoss, mayor since 1988, told me that outsiders were exacerbating drug use and crime. "The people who move in bring their kids - who do what they did before - and then the other kids try to copy them," she said, sitting primly in an office overflowing with statuettes and certificates. "We are getting an influx of Hispanics and other minorities," said Hal Ford, the Lieutenant Watch Commander, a senior policeman, explaining the rise of a local arm of the "Cerenos" - one of the most notorious gang terrorising southern California. But it is not a simple explanation. "Everyone wants a quick fix answer," said Gerry Goldshine, a gang enforcement officer in the Petaluma police force. "So they focus on race and illegal immigration. But there is no simple answer." Community groups hope to divert teenagers from drugs and crime by organising after-school sporting programmes and building a skateboard park. Yet I wonder if these well-meaning initiatives will be any more successful than the "Just Say No" youth dances which were a feature of Saturday nights throughout my high school years. Over dinner one night, Cardwell grew contemplative as I asked him what he thought could be done. "I used to want to save these kids, when I was younger and new at this job," he said, leaning back in his chair. "But then I learned I wasn't doing a damn thing for them. The only thing I could do would be to bring them home, feed them food at my dinner table with my family, for several years." He paused. "Then, maybe, that would have an effect."

Golf rebels seal off their town

Leslie Crawford enters 'liberated' Tepoztlán, which is defying all authorities in a fight over tourism

For the past year, no policeman, soldier, or any Mexican government official has been able to set foot in Tepoztlán, a self-proclaimed "liberated town" that can be reached within an hour's drive from Mexico City. The town is not the stronghold of a rebel guerrilla army. It never paid much attention to politics. What ignited the local uprising that drove every public official out of Tepoztlán was opposition to a golf club which property developers wanted to build on the outskirts of town. The golf club project enjoyed the enthusiastic support of Alejandro Morales, the local mayor, a member of the long-ruling Institutional Revolutionary Party. The developers had also enlisted the backing of Jorge Carrillo Oles, the state governor, a retired general and intelligence expert. Over many years, with patience and much recourse to subterfuge, Grupo KS, the developers, had carved out a piece of Tepoztlán's ecological reserve to execute their plan. Discretion was required because Mexico's strict, but widely flouted, laws against the sale of communal land, particularly within national parks. By August 1995, the developers felt confident enough to publicise their project. On 500 acres of land, a glowing prospectus said, Grupo KS would build an 18-hole golf course, a condominium of course, a hotel, 800 luxury homes, a hotel, 800 tennis courts, a golf academy, and his signature Golf Club for affluent Mexicans eager to escape their smog-ridden capital. The developers said they had lined up TV moguls, former government ministers, many politicians, and their relatives, 250 Mexican and foreign investors in all, to finance the \$400m (\$245m) development. The project would require 1,500 construction workers and create a further 2,900 permanent jobs once the golf club was ready. The developers promised Tepoztlán "a programme of sustainable growth that



Later-day revolutionary: Lázaro Rodríguez, mayor of Tepoztlán, on the town hall balcony. The graffiti reads: 'Dignity is worth more than a golf club' and 'no to the golf club'

redefines the relationship between town and countryside". In Tepoztlán, however, where cars must squeeze into cobbled lanes meant for donkeys, and where no house faces the nearby hills because it is believed that the winds which blow from the escarpments carry the souls of women who died in childbirth, the local residents were not buying the golf club's passport to modern life. Petitions demanding the cancellation of the golf club turned into street protests, and then into demonstrations outside the town hall. When Morales still refused to meet his angry constituents, a group stormed into

his offices and held six officials hostage. The rebellion had begun. As federal police were dispatched to crush the insurrection, Tepoztlán's 13,000 inhabitants sealed the perimeter of the town with barbed wire. Cobblestones were uprooted to barricade streets. Tyres burned at all the exits. Church bells tolled to warn of the advancing troops, and the men waited with sticks and clubs and the occasional rifle from the 1910 Mexican Revolution. There was some skirmishing, but the police forces soon withdrew. The mayor and his government fled. Victory slogans were scrawled over the homes and businesses of ousted offi-

cials. Effigies of the property developers were garroted at the town hall. And the protesters, led by Lázaro Rodríguez, could not believe what they had done. "It began as an environmental protest," says Rodríguez, who now cultivates the moustache, the red kerchief and the enormous hat of an earlier revolutionary, Emiliano Zapata. "But with the jailing of four comrades over the past year, and two deaths in clashes, and all the arrest warrants hanging over our heads, it has become much more complicated. We cannot give up the fight now." The tenacity of this Mexican "Paris Commune", which calls itself the "Free

Municipality of Tepoztlán", has surprised everyone. It has survived without a peso from federal or state authorities since the old mayor was run out of town in August 1995. "The only income at our disposal is the local tax we levy on market stalls, which comes to \$10,000 a month," Rodríguez says. Municipal employees agreed to continue working at much reduced salaries. Vigilante groups replaced the absent police corps. Rodríguez says there is just enough money to pay for electricity and phone bills, and petrol to run the one remaining rubbish truck that has not fallen into disrepair. Earlier this month, however, the rebel mayor was obliged to pass the cap around Tepoztlán's barrios (neighbourhoods), after the state government cut off the town's water supply. "The water authority claimed we owed hundreds of thousands of pesos in unpaid bills, but it was just another attempt to put pressure on us," Rodríguez says. The state authorities relented last week on humanitarian grounds. "There was a serious danger that epidemics would soon break out in schools," Rodríguez says. It is impossible to get married in Tepoztlán. Births cannot be registered, nor deaths recorded, because the civil register office has been closed since the ousted bureaucrats fled town. Nevertheless, Rodríguez believes residents have learned to live without the weight of officialdom, and the endless paperwork which governs most lives in Mexico. "A unique and extraordinary phenomenon is taking place in Tepoztlán," Adolfo Aguilar Zinser, an opposition congressman and long-time resident, wrote in the daily *La Reforma*. "We, the residents of Tepoztlán, are discovering that no government is better than bad gov-

ernment. Without a PRI government, without municipal police, without the presence of any federal law enforcement agency, we enjoy a far higher level of security than in the rest of the state of Morelos." Not everyone shares Aguilar Zinser's rose-tinted views. Some residents say the town has become more polarised, while many are tired of the endless appeals for money to keep the rebel government afloat. Relatives of ousted officials who remained in Tepoztlán have suffered discrimination and abuse. María de los Angeles Vega, the wife of the former commissioner of public works, accepts the graffiti on the walls of her empty restaurant with resignation. She has not had many customers since the troubles began, but says: "I could not leave with my husband. This restaurant is the fruit of more than 10 years of my work." She says she does not fully understand what happened in Tepoztlán. "The old mayor meant well," she says. "He thought the town needed an added attraction; he meant to enrich the town, not to change it. But the people here are so resistant to change."

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FASHION



Brown wrap-around skirt £205 and zip-up jacket £246, by Christian Lacroix Bazaar, available from Harvey Nichols, 67 Brompton Road, London SW1. Orange multi-stripe button-front sweater £145, by Sonia Rykiel Inscrifion, available from Browns, 22-27 South Molton Street, London W1



Indigo one-strap evening dress £940, by Calvin Klein at Harvey Nichols, 67 Brompton Road, London SW1



Purple velvet tailored jacket £895 and trousers £185; white body shirt £285 and black ankle boots £285; all by Ralph Lauren, 143 New Bond Street, London W1

The season of glorious colour, texture and pattern

Inject new life into your wardrobe with nutty dark chocolates and rich deep plums for tailored velvet jackets and long, slinky gowns, says Marion Hume

What if, every season, you really could start your wardrobe from scratch? It is an indulgence of course, but when you see all the luscious and luxurious clothes for this autumn, there really is a temptation to cast out all that boring black and start all over again. To most of us, that is not a possibility (and in any case, it would be a such a wasteful way to behave).

Instead, we aim to update an existing wardrobe with a few injections from seasonal trends. The big news is colour: nutty, dark chocolates, rich, deep plums and those antique jewel brights like midnight blue, cranberry and forest green which work best in velvet. Something in velvet, a tailored jacket perhaps, would be a great addition to the wardrobe. I love Ralph Lauren's velvet trouser suits because they are not so 1970s retro that they look as if you are dressing up.

If I were given a big budget and had to stick to one designer, this season it would probably be Lauren;

his spin on Savile Row's pin-striped tailoring, his opulent lace sheath dresses, his relaxed and comfortable bitter chocolate suede shirts all look delicious.

However, many fashion people would disagree. The label-of-the-moment, they maintain, is Gucci. I am still looking out for someone brave enough to wear those slinky white jersey sheath dresses with prominent (and un-fat friendly) cutaways. Best to leave the dress of the season to supermodels and very skinny celebrities.

If I were slim and shopping at Gucci I would opt for one of the less obvious but undeniably sexy, skinny shirts instead.

Being stylish is not all about being skin-and-bones. Women with curves may rejoice in the latest Donna Karan collection, so beautifully displayed in her brand new Bond Street store. When Karan started in business in 1985, she was viewed as fashion's new messiah. She preached a message of comfort, reliability and ease in a multi-layered functional wardrobe for the busy, executive woman of the 1980s. I, for one, fell in love.

But over the years, Karan

has at times lost her way. I stared in disbelief as this woman with hips offered baby dolls as evening dresses. Even though her hosiery and underwear has always stayed as woman friendly as she had first promised, there have been moments when it was hard to get excited about some of the clothes. I am thrilled to report that Karan has rediscovered real women and this season's collection is the best in years.

I love the cutaway velvet dresses much featured in the advertising campaign starring Demi Moore, but would be much more likely to shell out for a low V-backed cashmere sweater, to wear over a long slinky skirt for a winter dinner party.

Of course, you do not need to shop at designer prices to update your wardrobe. Next offers some more than passable velvet trouser suits. They do not look as if they were crafted on Savile Row, but for under £100 for a velvet jacket, you would hardly expect it to pass for bespoke. The high street stores have proved very adept at following the trends of the catwalk. But beware of those who go, too far. The most

recognisable day dress of the season must surely be that by Prada, with the coffee and cream guggles of 1970s wallpaper-all-over it. Jane Norman has a shirt dress "inspired" by Prada, which is too close for comfort. I doubt Miuccia Prada will take the £50 version to be the sincerest form of flattery.

One of the simplest ways to achieve the "how" look is also the least expensive. However much you may dislike them, patterned, woolly tights are back in vogue. There are many versions available at under £10 a pair, so you can afford to be fashionable and then come to your senses.

If trendiness is anathema to you, the good news is that this is also the season of the return of the classics: the well-shaped round neck cashmere sweater; the supple suede shirt; the flattering, slightly bootlegged trouser.

Do not confuse the latter with the dreaded flares; the bootleg, with its slight kick out over the shoe, makes you look taller and slimmer.

In contrast to this season's chocolate tones (in everything from coats, to sweaters to dresses) is the blonde palate of creamy separates that can be mixed in with last winter's black.

Pattern and texture in our clothes is also back. Christian Lacroix (always the antithesis to minimalism) has some delightful patterned pieces in his well-priced Bazaar collection, while Missoni, now back at the fashion forefront, has all those vibrant, arty, chevron knits in the rich colour mixes of autumn leaves.

For evening, gold lace is spun like finest spider's web into shirts and dresses and gowns to the floor. It looks rich, opulent and unashamedly gilded and is a glorious alternative to all that night-time black.

Pieces to pick include a great sweater (in luxurious cashmere from Lucien Pellat-Finot or from the traditional Scottish labels Pringle and Ballantyne); anything from a velvet pant suit to a sweeping great coat in chocolate brown; something in suede (perhaps a glorious, short trench in deep purple by Alberta Ferretti) and something with the military detailing of patch pockets and epaulettes.

There are plenty of options at both designer and high street level that will not make you look as if you are an extra from *M*A*S*H*. Look for textures for both day and evening, in intricate machine-spun or knitted laces or in stubby, tweedy effects.

Above all, do not be scared of colour.

Photographer: Sean Enox
Stylist: Charlie Harrington
Hair and make-up: Alex Babsky



Brown suede maxi skirt £285 and ribbed cardigan £195 by Joseph, 77 Fulham Road, London SW3. Silk jersey shirt, £105, from Equipment, 21 Sloane Street, London W1. Chocolate brown suede stretch boots, £115, by Russell & Bromley from selected branches nationwide (0171-829 5803 for details)

The Financial Times plans to publish a Survey on

Thailand

on Thursday, December 5

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HOW TO SPEND IT

A political dynasty in the public eye

Michiyo Yakamoto talks to Miyuki and Yukio Hatoyama about their clothes - and philosophy

Yukio Hatoyama is no run-of-the-mill Japanese politician. He it was who started a new party with the rallying call that friendship and love can change politics.

A Tokyo University and Stanford-educated engineer by training, the 49-year-old is the fourth-generation Hatoyama to become a leading politician, extending a family tradition which began in the late 1800s.

One hundred years ago, Yukio's great-grandfather, Kazuo, who studied law at both Columbia and Yale, became speaker of the House of Representatives. His grandfather, Ichiro, rose to become Japan's prime minister in 1954 and later formed the Liberal Democratic party which has governed the country for all but three years since 1955. Yukio's father was foreign minister.

Yukio's mother Yasuko is the eldest daughter of the founder of Bridgestone, the tyre company, and Yukio himself has publicly declared assets of ¥2.5bn. Both Yukio, now leader of the Democratic Party, and his younger brother Kunio, who is also a member of parliament, have lived up to the family's reputation as the Kennedys of Japan, attracting wide media attention not only for their political activities, but also for the scent of scandal that a high profile and wealthy family of such extraordinary political lineage is bound to attract.

Yukio's wife, Miyuki, is no ordinary politician's wife either. In Japan's staid political circles, her background as a former actress with the flashy Takarazuka all-female theatre troupe and a divorcee, makes her a public figure in her own right. Yet, despite their political blue blood and enormous family wealth, the Hatoyamas are surprisingly unflashy, by western standards at least. It is true that the grounds

of the Hatoyamas' retreat in Karuzawa, a popular summer resort, are of imperial proportions, and extend beyond the imagination of the ordinary urban Japanese. But their home in Tokyo's elite Denenchofu district would not stand out from other houses in the neighbourhood, if it were not for the police guard.

The couple share the modern structure with their son and golden retriever, and they like to point out that

want to look presentable. But fashion is not the way I choose to express myself or to make a statement. When it comes down to it, appearances do not matter," he says. "A person's value should not be judged on the basis of how they look. This is true in politics as well."

He refers to an "inner core, that does not appear on the surface" but which is crucial to politics. And that is the kind of politics Yukio aims to practice.

He is, in any case, too busy to think about what he should wear, so Miyuki does all the clothes shopping and co-ordinating, right down to what he wears at weekends. He does not know where the eye-catching shirt he is wearing came from, and it takes a few embarrassed remarks to the effect that it does not matter who the designer is, to discover that it is Versace.

Having conceded that he is not a professional on clothes, he is happy to be persuaded.

That means he was only allowed to wear Armani clothes, Yukio says, though he received a quick reprimand from Miyuki, who thinks that particular piece of information rather inappropriate. It is only because Armani clothes are the right fit - they protest - that the couple have a penchant for the Italian designer.

In spite of his disregard for fashion - which meant that until he married Miyuki, his mother was his stylist - and despite his occupation, Yukio manages to give the impression that he is indeed urbane and well-educated.

Unlike most Japanese politicians who stick to the obligatory navy suit, Yukio has appeared in parliament in colours ranging from brown to moss green, which has attracted more than a few unkind words.

While some of his fellow parliamentarians are following his lead in discarding their dark uniforms, a distinctive appearance has



Yukio and Miyuki Hatoyama: she buys his clothes, wears black and has a lavatory done in red

never been readily tolerated within Japanese political circles. When Yukio first stood for a seat in the Hokkaido constituency more than a decade ago, he was criticised for wearing a wedding ring that was said to be too flashy.

But Yukio is no slave to public opinion. As a novice, he listened to all the advice he could get. Over the years, however, he has come to believe that doing as he pleases in certain matters, such as choice of restaurant and clothes, is a question of putting family values above electioneering.

He does not want to sacrifice his family for the sake of his political career. So, unlike most politicians, he did not ask his wife to campaign for him in the elections last month. He agrees with US President Bill Clinton when he says, if you can't protect your family's happiness, you can't protect the happiness of a whole nation.

While politics keeps him too busy to relax properly, apart from some meditation, he treasures the valuable

time he spends with his family, walking in the country, going to the supermarket - he gets a thrill from the feeling that he could buy the whole shop - taking a nap, one of the few hobbies he says he shares with his wife, though Miyuki does not admit to that.

Miyuki Hatoyama: The many stained-glass lamps that adorn the Hatoyamas' sitting room are the result of a hobby that has kept Miyuki absorbed for many an afternoon. "I sit in the basement working and I completely lose track of the time," she says.

The lamps, made from countless pieces of glass in a variety of colours, are an apt symbol of an apparently multi-faceted and multi-talented person. Miyuki, 53, is the family artist. As well as

making lamps, she is a self-taught painter and a potter, and the author of a semi-philosophical text, whose title translates awkwardly as "A Declaration To Enjoy Life".

Her paintings have been made into postcards and tiles that adorn the couple's home in Hokkaido. "A women's magazine carried photos of my pottery," she says excitedly.

Although she chose a chic black outfit for our interview, the former actress, whose tastes have had ample room for expression in the three houses the Hatoyamas own, prefers to be surrounded by bright colours.

The house they recently built in Karuzawa has been done up according to her specifications. "I wanted to use a lot of colours in areas that were not too often in

the public view," Miyuki notes.

As a result, and against the initial judgment of their architect, the lavatory was done in red. "The architect thought it was strange at first but then he agreed that there were many different ways to use colour," she says.

When it comes to clothes, however, she claims to be careful not to choose things that are too bright. Generally, because they fit nicely, she buys Armani off the peg.

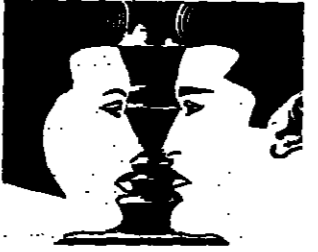
Miyuki has a deep interest in philosophical matters which she started to develop about 12 years ago, just as Yukio's political career was taking off. It all began with the idea that all human beings are a part of the universe - a thought that allowed her to look at things differently, Miyuki says.

Until then, she was a very self-confident person, with total faith in the rightness of what she was doing. But then she realised that she wasn't the one making those decisions but was being allowed to make them by a stronger force.

That way of thinking brought to light "the selfishness that has tied the world up in knots," and the realisation that such selfishness cannot continue. Like Yukio, Miyuki meditates regularly to empty her mind - something easter said had done.

Yukio admits that he was influenced by his wife's belief that "the world is ready for a different way of thinking about things. We have to work together, to stand up and join hands. When that happens, the 21st century will be a better place to live in."

Tokyo



Miyuki used to be a self-confident person, with total faith in the rightness of what she was doing

the grand piano in one corner of the sitting room is a Yamaha, not a Steinway.

Yukio Hatoyama: Dressed in a bright yellow and blue striped shirt and grey slacks and seated on an elegant white love seat, Yukio flashes a somewhat uneasy smile as he confesses a total lack of interest in clothes, a matter he leaves trustingly to his wife.

But he does care about presentation: "I certainly

Art and artefacts for sale

Giving a piece of art for Christmas is a tricky decision to take. Taste, as we all know, is one of those really murky areas. After all, does anyone have taste except thee and me? Marriages have broken up over whether to hang a reproduction Picasso or a one-off by an unknown artist. Happiness for some resides in cut-glass bowls, patterned carpets and frills at the window while for others

it has to be bare floorboards, plain shutters and creamy linen.

But if you can get it right, if you really know what will please, a work of art is probably one of the most satisfying and longest lasting presents of all to give.

There are plenty of places to start. Galleries all around the UK tend to have special exhibitions geared to Christmas, often collecting together more accessibly priced pieces.

For Londoners, Harvey

Nichols of Knightsbridge is a surprisingly good place to start - not, of course, for Old Masters but for an excellent variety of one-off works by contemporary artists.

The Art Supermarket was opened in mid-September and has proved such a wow with the customers that more artists and works have been brought in and the exhibition, originally scheduled to run until the end of October will now carry on until after Christmas. Prices range from £125 to £295 and

there are pastels, oils, collages, prints and gouaches to choose from.

The British Museum has long been a good source for those who like either authentic reproductions taken from the museum's own collection or presents with a vaguely museum-like air. You could choose from a rather beautiful green glass jug based on a Roman version (£26.95) or a plaster-cast sculpture of Venus stopping to adjust her sandal for £125.

To commemorate its recent "Mysteries of Ancient China" exhibition there is a rather fine Han Xiangzi figure (£175) or a small box copied from an original dating from the Tang Dynasty around the 8th century (£24.95). All can be bought by mail (tel: 01853-686400 for a copy of the brochure).

The Art Room, Witney, Oxford OX8 6BH (tel: 01992-770444 for a brochure) could be said to deal more in slightly kitsch art-related presents than art itself - some are fun (like the umbrella which is black outside but inside is lined with a reproduction of the Sistine Chapel ceiling for £39.95), some straight kitsch - Venus magnets to attach to the fridge, £10.95 - to large framed reproductions of classic works of art. Best thing in the catalogue? Some wonderfully tactile black ceramic salt and pepper pots inspired by the bronze sculptures of Henry Moore and Barbara Hepworth for £29.95.

Genuine ancient artefacts are on sale from Chris Martin Ancient Art (tel: 0151-892 1509 for a brochure). He seems to have found a steady supply of small very old pieces from ancient Mesopotamia and Assyria (bronze bowls and dishes at £150 a time or small wooden mounts for £4), Sumerian beads (£20 for a necklace) as well as pottery (jugs, amphorae, pots, jars and dishes) dating from 1000 BC to AD 400 at prices ranging from £40 for a small dish to £375 for a large amphora.

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GENÈVE



The Financial Times plans to publish a Survey on

World Airports

on Thursday, November 28

The world's airports will have to deal with an expected doubling in the number of air travellers over the next 20 years. They will have to do so while ensuring their customers remain safe from terrorist attack and while environmentalists oppose expansion of their buildings and runways. This Survey will analyse and assess developments in the industry.

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FT Surveys

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HOW TO SPEND IT

The Seven Ages of Man

Roller blades top the teen hit list

Lucia van der Post goes in search of other desirable presents

This week, in the next stage of the Weekend FT's Christmas shopping campaign, designed to crack the age-old problem of what to give men and boys, we deal with the second of Shakespeare's seven ages of man, the whining schoolboy.

Shakespeare's second age

And then the whining school-boy, with his satchel
And shining morning face, creeping like snail
Unwillingly to school.

Top of the list of the schoolboys aged between six and 14, canvassed by *How To*

Spend It, came "roller blades, roller blades and roller blades" - or "in-line skates" if you are being technical.

But no parent of a whining schoolboy will need telling

sive sets of skates around. But the upside is that they provide greater security as the boots give the ankle proper support - but do not forget wrist and knee guards.

Those out of touch with small boys, but needing to provide presents for distant godchildren or grandchildren, might like to know that also big on the lists are Action Man, Maglites, Walkmans and Swiss Army knives by Victorinox (the more complicated and all-encompassing the better).

It is hard to go far wrong with books - provided you take some trouble to match the book to the child. *Narnia* and *Asterix* are perennial favourites with younger boys, say between seven and 10, while *Lego* gets more sophisticated every year and never goes out of favour.

Computer games, of course, go on being sought-after - but insider information is essential. For example, which games does he already have, what are his real interests?

If you really want to show you are up there, ahead of the pack, the coolest new games this Christmas seem to be *Crash Bandicoot*; all Sony PlayStation games (particularly a new one launched just last week and the much desired *Tekken 2* and *Resident Evil*); Virgin Interactive's *Command and Conquer Red Alert*, the new CD-Rom game for PCs which comes out on November 25.

The *Games Workshop*, which sprang out of the popularity of the *Dungeons and Dragons* game, has 93 branches throughout the UK and is a splendid source of mock war-games (headquarters are at Chewton Street, Hilltop, Eastwood, Nottinghamshire NG16 3HY, tel: 01773-535000).

If you have not yet discovered them there is a treat in store - besides selling games, the stores seem to be a hot centre of social activity.

There, boys of all ages buy their miniature armies, paint the models and play tabletop battles - most, it seems, set in the "nightmare future of the 41st Millennium where mankind is engulfed in a desperate battle for survival."

For those who like gentler activities, there are competitions for best painting of the miniature figures. It is, so to speak, the modern equivalent of Airfix plastic soldiers. The smallest packs of figures start at a modest £3 to £5 so the present can be added to endlessly. Do not forget to buy the paints as well.

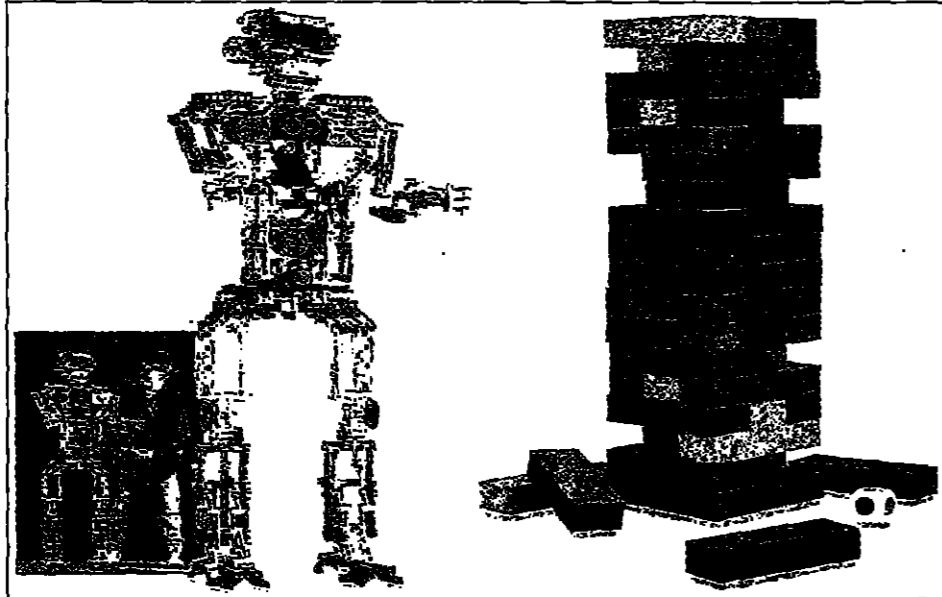
A doting uncle reports that a subscription to *White Dwarf*, a fantasy war-game magazine, £5 for 12 issues (01773-713213), brings everlasting fun - as does *Warhammer* (£50) which offers more fantasy games between orcs, dwarfs and the rest of the cast (both also from Games Workshop).

The Science Museum has some clever ideas. This is a wonderful source of the funny, the unusual and the intellectually and practically testing.

Besides the *Aerobie* (the football which has turbo fins which make it spin through the air) there is also a marvellous selection of games.



Sketched top, from left, are: the *Aerobie* football (£14.95), from the Science Museum catalogue; Bauer in-line skates (£70), Harrods; Star Trek shuttle radio alarm (£59.95), The Gadget Shop stores. Front: bumper car radio cassette player (£79.95), Uniquity catalogue. Bryan Peck



The *Tumbling Tower* block game, £12.95, and the 1.5-metre tall *Life-Size Robot Commander*, £199, both from the Science Museum Catalogue

The *Tumbling Tower* (£12.95) is a colourful tower of wooden bricks in which the players take it in turns to roll the dice and remove bricks from the bottom of

There are many funky telephones and radios on offer, including a scaled-down jukebox

the tower and replace on the top, without, of course, toppling the rest of the tower.

A latter-day version of the Rubik cube is *Adam's Apple* (£9.95) in which 48 interlocking pieces form a take-apart

apple. If you can reconstruct it in 10 minutes then your IQ rating is declared to be that of "genius."

Three-D Noughts & Crosses made from hand-crafted wood is aesthetically appealing enough to please parents and interesting enough to please the children.

The Science Museum is also a tremendous source of updated model kits - look out for the *Capsela Model Kits* which are carefully designed to contain explanations of 18 scientific principles ranging from energy and buoyancy to friction-traction. There are 21 different motorised models that can be built including cars and speedboats. Prices range from £34.95 to £70.

Photographed on this page is a *Life-Size Robot Commander* which can be constructed from 400 pieces and which stands over 1.5-

metres tall. There are five different motors and a remote control which means the robot can be made to grip with its hand, turn its head, open and close its mouth and light up its eyes. It is recommended for those aged seven and over although seven seems a bit ambitious. The catalogue does say that help from an adult may be required. It costs £199, and do not forget to buy the batteries too. The Science Museum catalogue is available by calling

0990-355438. Another catalogue for gadgets that might appeal to the teenage boy is *Uniquity* (0181-957 5050) - apart from the bumper car radio cassette player sketched here, there is no end to the funky telephones and radios on offer. There is a wonderfully kitsch, scaled-down version of a jukebox (£44.95) and one of the smallest and most lightweight personal radio's that I have ever seen which measures 9cm by 4cm and costs £9.95.

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TRAVEL

Buddha to bad taste and back

John Torode finds surprises - both nice and nasty - in Taiwan

To the Portuguese explorers it was Ilha Formosa, the beautiful island. To the British, Taiwan - home of cheap plastic toys and last redoubt of the undefeated Nationalist armies led by Chiang Kai-Shek. To them it is stubbornly "the Republic of China".

Whatever you call it, Taiwan, with its population of 21m, European living standards (and European prices), is a success story. Since the introduction of democracy in 1987, it has been among the region's few stable and unrepresive regimes. But it is shunned by European tourists, deterred perhaps by the sprawling, concrete jungle of Taipei, the capital.

Taiwan is unexpectedly beautiful and not spoiled by hordes of backpackers or coachloads of middle-aged Europeans doing the region. Yet communications are excellent; many speak American and, above all, you will not be pestered, ripped off or mugged. But, beware. Taiwanese like to travel in groups. No-one will believe that you are alone by choice and they will be offended if you run into a group and do not accept the inevitable invitation to join them.

If you want to see the contradictions which are China, start in Taipei with an evening in Lungshan, minutes from the Presidential Palace. On the pavement outside the elaborate and gaudy Buddhist temple complex sit a row of blind masseurs. They are dignified and highly trained and their service is welcome after the long haul from Europe. The going rate is NT\$400 (£10) for a half hour. You sit on a box in the curb, at the feet of your chosen specialist, almost choking from the waves of incense from the temple and the fumes from innumerable motor scooters and the smell of inwards being grilled by street vendors. With exquisite

attention, he (or in my case, she) massages skull, neck, back, arms and hands. It is, I should stress, all very proper.

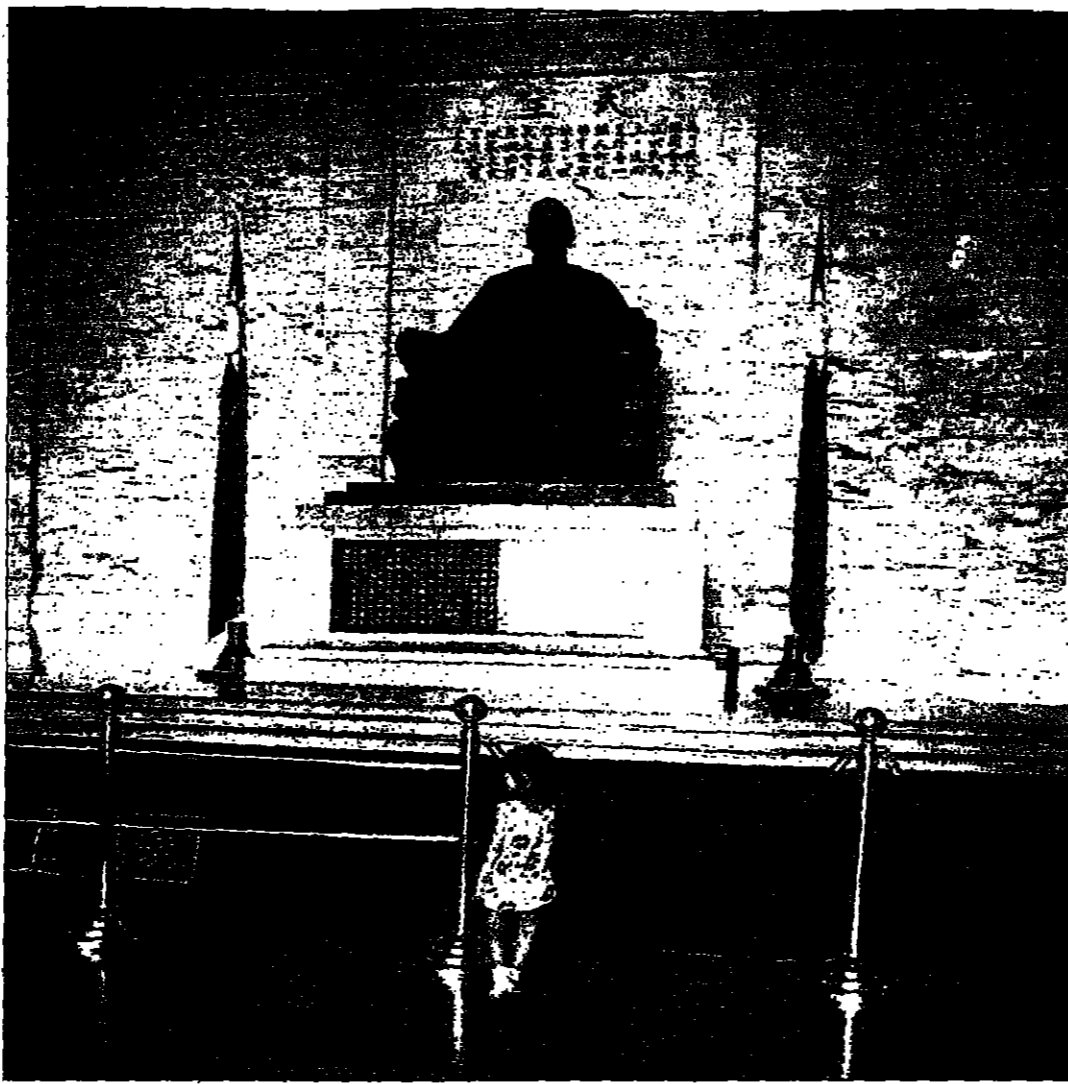
Improperly can be found just across the road. The red light district is a surprisingly unthreatening warren of alleys containing squalid open-fronted massage parlours. Within, you can see working girls delicately tending the Buddhist shrines which grace each establishment. The district is bisected by Snake Alley, a covered way which combines small but smart restaurants, stalls selling religious ephemera, others peddling pornographic videos of extreme violence, religious scholars reading palms and heads or painting calligraphic inscriptions with traditional brushes.

Most shocking to Westerners are the notorious stands at which poisonous cobras are baited, then hung up and slit from throat to tail in order to squeeze the blood from the living creatures. This filthy mess is drunk by respectable looking customers wishing to enhance their virility. On other stalls, turtles are wringed open alive to gather vital juices which prolong life. Parents hold tiny toddlers up so that they can better see and enjoy these stomach-turning spectacles.

When you have had enough, walk back to the mysterious, smoke-filled temple. Wonder at the great artificial waterfall, the schoolgirls in hot pants prostrating themselves in prayer for good examination results and the smart young executives, answering their mobiles between prayers to the god who brings prosperity.

There is a vast brick oven several storeys high, ornamented with dragons and other mythical creatures. Mourners come here to burn bundles of imitation currency to provide spending money for the dead.

Others burn model cars, computers and televisions, essential



The Chiang Kai-Shek Memorial Hall in Taipei, where the "Great leader is with us in spirit"

to the posthumous good life. Taiwanese-style.

Next morning visit the colossal Generalissimo Chiang Kai-Shek Memorial Hall, dedicated to the warrior president who died in 1975. As a monument, it ranks alongside Mao's Mausoleum in Beijing. A bronze statue of Chiang dominates the interior. Soldiers, sailors and airmen take turns to guard the icon.

When I was there, Hollywood-style airmen, immaculate in baby blue blouses, dark blue trousers and fancy white gloves performed intricate almost balletic drill, waving above their heads their black rifles with silver metalwork. The hall is topped by a 260ft white marble structure with a double roof of blue glazed tiles and a golden dome. It is inspired by the Temple of Heaven in Beijing.

The holy of holies is approached up a ceremonial flight of stairs, as one would a

religious shrine. "No entry for wearing slippers or slovenly dress" reads one notice. "Please be quiet and reverent" says another. "Great leader with us in spirit" says a third. In antechambers you can find his briefcase and his tribby.

Immediately north of Taipei, running down to the coast, are ranges of extinct volcanic mountains covered in lush subtropical forest. The area has been designated the Yangmushan National Park. A high spot is visiting one of the many areas in which constant plumes of sulphurous steam shoot hundreds of feet into the air and wisps of gas emerge from puddles of boiling water. In Hell Valley there is an enormous spring in which Chinese pickers boil eggs.

Communications are so good that longer day trips are possible. Try the Taroko Gorge, a simple, 50-minute flight from Taipei to the port of Hualien, 100 miles

south. At Hualien airport pick up a cab, paying no more than NT\$2,000 (\$50) for a five- or six-hour round trip through the gorge which forms the first 15 miles of the mountainous East West Cross Island Highway.

The driver will stop at the most dramatic spots, leaving you to walk cavernous footpaths, blasted from the marble cliffs at the cost of some 400 lives. Pagodas and tea houses are perched in inaccessible peaks. Waterfalls cascade around you, and hundreds of feet below, the rushing water glows an elegant grey, discoloured by volcanic ash.

Stop for lunch at any hotel. Casserole of fat, juicy frogs, cooked whole, is a local speciality. The cab will wait, and drop you at the airport. By tea time, a ceremony as important in Taipei as it is in London, you can be back in your hotel. In all probability you will not have seen another European tourist all day.

On the hoof in Wicklow

I spotted Kevin Diffley as soon as we came out of Dublin Airport. Even there, among the crowds of city suits and smart frocks, he looked like a horseman, small, compact, cheerful, and waving a copy of Horse and Hound.

If you go to Clarabeg, Kevin will pick you up at Dublin not least because Clarabeg is not the easiest place to find but if you like good horses and great riding country, the small effort of getting there is worth it.

Clarabeg, in the Wicklow Mountains south of Dublin, is not the normal sort of riding school. In fact the owners, Kevin and Ray, his wife, never tire of pointing out that it is not a riding school at all, in spite of the manege and the cross-country fences.

If you cannot already ride, and ride fairly well at that, you ought not to go there at all, and in her initial "weeding out the wimps" telephone interview, Ray soon finds out if any potential guest is up to the high standards required. Clarabeg only has room for six guests so the Diffleys can afford to be choosy.

If you cannot manage a competent trot and canter, out on the mountains and over all kinds of ground then Clarabeg is not for you. For those who enjoy riding spirited but superbly schooled Irish thoroughbreds, it is very close to horse heaven.

The day does not begin too early at Clarabeg. A huge Irish breakfast - the kind the locals describe as "a heart attack on a plate" with eggs and bacon and all the trimmings - is served at 8am and boots and saddles is not called until 10. By which time I am up to facing a rather frisky Irish hunter and all set for 20 miles across the surrounding mountains.

The Wicklow Mountains are wonderful horse country, a mixture of upland moors, deep glens and trout streams, all sealed with bridle paths and wide open spaces, ideal for long gallops.

The normal routine is to ride for three hours at a varied pace, with some jumping, crossing rivers and seeing a variety of scenery before returning for lunch and a snooze on the sofa in front of the log fire.

The horses are the principal

attraction and my fellow guests, all of whom had been there before, and two of whom were on their eighth visit, had their favourite mounts. I had Rebound, and a nicer, better-schooled horse you will not find - "a real gentleman" as Kevin put it - but all the Clarabeg horses are like that. They want to go but are too well-trained to run away with you.

Kevin and Ray, who lead the rides, vary the daily routine so that the horses never get used to galloping on one section and cantering on another. It all makes for a good morning in the saddle - provided you are fit. Getting fit or at least fitter before you arrive is a good idea. I held up very well until the last day when long hours in the saddle finally caught up with me and agony set in around the lower limbs.

Just as it is not a riding school, Clarabeg is not a hotel. It is Kevin and Ray's family home, a long farmhouse clinging to the side of the hills, with a great view to the sea in one direction and the round tops of the Wicklows looming up in the other. There is a good bar full of horsey memorabilia, where Kevin dispenses lunchtime Bloody Marys and evening revivers, which include a potent local liquor brewed, or so he says, by leprechauns.

Dinner is served by candlelight in the Diffley's oak-panelled dining room, the table heavy with Waterford crystal and family silver. After dinner it is back to the bar or gathering in groups round the long leather sofas by the fire, for some good crack - Irish conversation - and a little more leprechaun medicine before tottering off to bed.

Clarabeg, Roundwood, County Wicklow, Ireland, tel: 010 353 404 46461. Minimum three night stay. One week stays, with full-board accommodation and daily rides. £750; non-riders £550. Three-night stays. £280; non-riders, £200, full board.

Winter breaks, three nights, four days. £300; non-riders £270. Free collection and return to Dublin Airport. Aer Lingus operate daily flights to Dublin from the UK (0181-899 4747).

Robin Neillands

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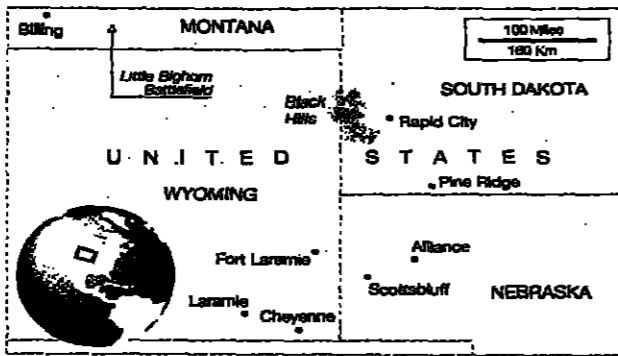
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TRAVEL

Time travel with Milo Yellow Hair

Nicholas Woodsworth talks history with some real native Americans from the Sioux tribe, when he stops in South Dakota

It was cold when I pulled over for the night in the small Wyoming town of Fort Laramie, and I spent most of it shivering under blankets while a hard frost built up in the field outside. Sometime after midnight a pick-up truck with South Dakota plates stopped beside me and two Indians with long black hair tied in braids peered from the cab into my van.



"Where's the meeting? We can't find the meeting," they called over the space between us. I lowered the window, told them I knew nothing about a meeting, and they rolled away into the dark.

In the morning there were Indians at the gas station, at the post office, in the café where I warmed up with hot coffee. They had come for the meeting, I guessed. Intrigued, I followed them when they left and headed out of town in a little convoy of old cars and vans and pick-up trucks.

Three miles down the road, by a grassy, straw-coloured ridge looking out to the snow-peaked approaches to the Rockies, they turned off and crossed the Laramie River, coming to a halt in a vast parade ground.

A hollow square of barracks, stables, guard-houses and trading stores, this was old Fort Laramie, a major outpost of the US Army in the middle of the last century. It was also the place where today Indian tribes from across the west were coming to talk about promises made and promises broken.

In the middle of the parade ground, a party of young Indians were draping canvas skins around delicate, hour-glass-shaped frames of teepee poles. A cold, rising wind made the canvas unmanageable and the lacing of the teepees difficult; it

was some time before they stood finished, their tapering bulk silhouetted against a sky threatening snow.

The men around the teepees wore the kind of gear many outdoors working men wear in the West - jeans, belts with big silver buckles, cowboy boots and hats. Like the two men the night before, though, they had long black hair, and names the likes of which are American Indian. Zack Bear Shield, Richard Broken Nose, Gerald One Feather, Jesse Taken Alive. But it was with Milo Yellow Hair that I began chatting as the wind sang through the teepee poles and the men began building a ceremonial fire.

Yellow Hair is the vice-chairman of the Oglala Lakota Nation, and with 20,000 other members of his band, lives on the Pine Ridge Indian Reservation in South Dakota. The Lakotas, seven bands in all, are otherwise known as the Sioux, a name given them by their enemies. They were among the last of the native American tribes to stop fighting the US Army in the Indian wars of last century; Crazy Horse, victor at Custer's last stand in the battle of Little Big Horn, Yellow Hair told me proudly, was an Oglala Sioux.

But there were not just Sioux here - there were Crow, Arapaho, Assiniboine,



Cheyenne and Canadian Dakota Indians. Why come so far in such cold weather to meet at Fort Laramie, I asked Yellow Hair.

"This is part of nation-building," he told me, "our own nation. In the next four days we will be meeting representatives from the US Department of State. Historic meetings have taken place at Fort Laramie before - we want to meet the government here on our terms rather than in Washington on their terms."

No site, in fact, has been quite as significant in the fateful history of native Americans as Fort Laramie. In 1851, more than 10,000 tribesmen - the largest Indian gathering ever - convened outside Fort Laramie with US agents. In return for safe passage for ever-growing numbers of white settlers heading west, the treaty they signed guaranteed that Indian land and the

way of life would not be disturbed.

The promise was soon broken - by the early 1880s hundreds of wagon were rolling through Sioux hunting grounds to the gold fields of Montana. The result was a bloody and drawn-out war. When the Sioux were finally forced back to the negotiating table at Fort Laramie in 1868, they emerged not altogether aware of the fact that in accepting large tracts of land in North and South Dakota they were also accepting the basis for today's reservation system.

By the time the fire had been built and the Sioux opening ceremonies had started, snow was falling and the wind was whipping it sideways over the flames.

Men gathered around the fire, their heads uncovered in prayer. Women stood by shivering in coloured blankets. There were chants. A pipe was smoked. A staff strung with eagle feathers was planted in the ground.

If the treaties had been respected, Yellow Hair told me by the fireside, meetings like this might not be necessary. But now the Sioux are demanding the government return lands they consider illegally acquired.

Their strongest call is for the sacred Black Hills of South Dakota, ceded them by the Fort Laramie treaty. When gold was discovered in 1874 the reservation there was invaded by 15,000 miners.

Responding to popular pressure, the government took the Black Hills and 40m additional acres. In return for the signatures of some acquiescent chiefs - changes to the treaty in fact called for assent by three quarters of adult males - the Sioux received \$1.7m in compensation. The sum has not been touched, and, with interest, now amounts to



Kicking Bear, from Colin Taylor's 'Native American Life' (Salamander, £18.99)

\$40m. The Sioux want the Hills back.

Land, the respect of treaty obligations, the return of reservation governments to traditional Indian practices - it was issues like these that the Indians had come to negotiate with the State Department. But as I sat in a large tent through that wind and snow-whipped afternoon, listening to speaker after speaker come forward, I realised this was as much emotional catharsis as political strategy.

"In 1890 my mother's family lost six members, my father's eight, in the army massacre at Wounded Knee," Leonard Little Finger told us.

"The battle goes on inside ourselves. In the last four years, 24 young Indians have committed suicide on my reservation. This must change. We need finally to heal. When we have respect for ourselves, changes and healing will come. We need doctors and lawyers and teachers, but we also need

the strength of our Lakota traditions."

Will those changes come? I camped that evening on the plain by Fort Laramie with some Oglala from Pine Ridge Reservation, and to stay warm we sat up most of the night drinking coffee by a fire.

They were full of hope, some of it perhaps misplaced and naive. The Sioux are unlikely to get the Black Hills back. So too are they unlikely to realise another dream, the restitution of

lands and rights through a US adoption of a United Nations draft convention on indigenous peoples.

"Talking leaves" - the old Indian expression for legal documents - will alone probably never resolve Indian problems. But if, after all the broken promises and despair, I thought, a white stranger can be welcomed in an Indian camp at the site of so much past deception, there may one day be room on both sides for other, more honourable treaties.

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TRAVEL

Comforts of home

Angela Wigglesworth looks at London's upmarket B&Bs

One early summer evening I strolled around a brick-paved garden brimming with lavender and petunias, sweet peas and yellow lupins. Far below, and through the chimney tops, I could see the Thames, across to Big Ben, Westminster Abbey and the Royal Hospital, home to the red-coated Chelsea Pensioners. For this was a magical quarter-of-an-acre roof top garden in central London and I half expected to see Mary Poppins come floating down.

It belonged to artist Gloria Stacey who provides Bed and Breakfast under the auspices of Uptown Reservations, a host-home agency run by Monica Barrington and Keith Stables. Five years ago Barrington, was asked by a friend if she could help out by having someone to stay. Barrington wanted to start a new business and thought an upmarket B&B agency could be right for her and Uptown Reservations was born.

"We did wonder if we'd made a mistake with the name," Stables admitted. "We realised central and upmarket in America is described as *downtown*, and many of our guests are from the US. But we hope *uptown* will give the luxurious accommodation we offer."

In the early stages, Monica persuaded her friends to become hosts - she wanted the right kind of person and the right kind of house in the right area. The right

person? He or she must be friendly, informative, welcoming and treat visitors as friends who can come and go as they please. The right house? It must have high quality furnishings with ensuite bath or shower room, be near public transport, and as close to Harrods, Marble Arch and Mayfair as possible.

"There are plenty of B&Bs in London suburbs," Barrington said, "but very few in central London." Today, almost all their 80 properties are in this area, although they do have a few further afield, including one in Wimbledon useful for the tennis season.

Hosts now include barristers, artists, writers, diplomats, a former air vice-marshal, and a former professor of engineering. Why do they do it? Some lost money with Lloyds, others have retired; there may be school fees or mortgages to pay, the reasons are as varied as the professions. Barrington tries to match their interests to those of their guests.

The beauty of Gloria Stacey's Chelsea roof-top garden is reflected in her apartment. The guests' bedroom is small but prettily decorated, with lots of books, TV, and a double bed with a rare Wedgwood bed-head. There is an ensuite shower room and guests can use her adjoining studio as a sitting room. The dining room, with her own pictures on its dark-red walls, has a circular marble-topped table and flowers everywhere. Breakfast is taken here.



Over in Cranley Gardens, just off the Fulham Road on the No. 14 bus route, Hill Gill (the former air vice-marshal) and Mary, his wife, formerly in personnel management, provide spacious accommodation in their 125-year-old apartment. There is a large twin-bedded room, with a dressing table that can be turned into a writing desk if visitors want to work, a big bathroom and the adjoining conservatory has bamboo furniture, tea and coffee-making facilities, wine glasses, magazines, what's-on-in London leaflets and bus routes written out by Mary Gill. Breakfast is laid in the sunny "turret" corner of the sitting room.

For those (men only) requiring accommodation near Marble Arch, Lilly (she does not want her surname published), an astonishingly youthful 82-year-old Hungarian who spent much of her childhood in Vienna, has a grand ground floor apartment in a Georgian house in Montague Square.

Her sitting room furniture is covered in turquoise silk, and the walls with original paintings. The hall is hung with 130 autographed photographs of famous opera singers, conductors, composers and artists Lilly has known. She only takes men

guests, she says, because they do not need so much room (the bedroom, with adjoining shower room, is small), and are easy to look after.

She offers them tea and biscuits on arrival, leaves breakfast laid in a spotless little kitchen for them to have when they want it, and they can make tea or coffee any time during the day.

There was nothing about the cheerful landladies I saw - they have now become "hosts" - to remind me of those daunting figures, hopefully of the past, who offered cheap basic B&B and laid down not-to-be-broken house rules.

For women travelling alone, of course, there is a comforting security. Unexpectedly, none of the hosts I met provided cooked breakfasts (no one asks for it, they said). Most accepted smokers, although preferred guests who did not.

Uptown Reservations charges £55 for a single or £70 for a double room (tel: 0171-351 3445 for more information). Other agencies offering B&Bs in central London include: Host & Guest Service - from £25 to £32 per person (0171-731 5340); At Home in London - from £34 to £41 per person (0181-749 1943).

Check-in / Roger Bray Labour's penalty plan

The Labour party, should it come to power in the UK, is proposing to penalise some firms which announce departure times before they have secured airport take-off and landing "slots".

four companies who foist inconvenient flight time changes on customers who have already booked holidays. Nigel Griffiths, Opposition consumer affairs spokesman, wants to give operators six months to "clean up their acts" or face fines.

Would it were that simple. A two-hour time change for one customer, perhaps making it impossible to get to the airport by public transport, could prove as disruptive as an eight-hour switch to someone else.

Current package holiday law reflects this awkward fact by allowing for interpretation. The Association of British Travel Agents imposes a code of conduct on its members, forbidding them to make "material changes" in clients' holiday arrangements within two weeks of their departure, and requiring that operators pay compensation if they do so in the eight weeks or so after customers have paid their final bills.

Most operators define a material change as one of 12 hours, a shift from a day to a night flight, or a switch to an entirely different airport. But while Abta provides guidelines, there is no hard and fast rule.

Griffiths' motive is laudable, although tour operators would be in difficulties if they were deprived entirely of the right to consolidate, cutting out poorly sold flights to avoid flying with large numbers of costly, empty seats. And he rightly casts a jaundiced eye at the practice of

some firms which announce departure times before they have secured airport take-off and landing "slots".

Walking in Corfu

An old woman admonished us as she led her heavily laden donkey up the track towards the village. Why, she wanted to know, were we taking the footpath when a perfectly good road would take us where we wanted to go?

You do not think instantly of Corfu as a destination for walking holidays. Nor do the Corfiots. Soon they may become accustomed to the idea. Corfu's tourist industry has changed tack. No longer can they rely on business falling into their laps each summer. Holiday tastes are changing, too. Western Europeans increasingly demand more than beaches and water sports. So Corfu has started pushing special interest breaks such as birdwatching. Hilary Whitton Palpet, who has written and published two walking guides to the island, is the prime mover behind plans to mark and clear a long distance footpath there.

Chauffeured in Istanbul

Istanbul's gas guzzlers, the ageing and mostly American limousines which were as much part of the street scene as they are in Havana, have all but disappeared. Even a year ago you

could see them lined up on Taksim Square: Chevrolets, Buicks, Dodges, all chrome and extravagant fins and redolent of the 1950s.

The Hyatt Regency hotel has refurbished some of chauffeur guests around town. But most have been replaced by functional yellow minibuses, which are undoubtedly far more efficient, but lack that overblown charm. Why and where had they all gone, I asked driver Sevkan Ak as I squashed into the back of his Turkish-built Volkswagen.

Fuel prices went up three times this year alone, he said ruefully, but there are few clouds without silver linings. Tourists have bought some too. The going rate for a Chevy, circa 1996, is \$10,000.

Comeback for hell-skiers?

Is hell-skating about to make a come back in France? It has been forbidden there, on environmental grounds, for 10 years. Although at least one company operates from a French base, it is forced to land its helicopters on mountain tops across the border - mainly in Italy. Pressure to scrap the ban is building. Michel Buer, director of the Ecole de Ski Française in Les Arcs, says: "Under European Union rules this ban must surely be dropped. If they can land helicopters in Italy it's hard to believe we can't, too. Provided we impose strict controls on noise and routes I think it could become acceptable again."

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SKIING

For anyone seeking a long weekend break in the Alps, Leysin in Switzerland offers skiers something a little different.

Tucked away in the Alps Vaudoises, Leysin is not a typical Swiss resort. The town may not be as pretty as some, but there is an honest practicality about it that is more endearing than other flashier resorts.

When we disembarked from the funicular at its final stop, we were confronted by an eerie silence and a row of large, spooky hotels stacked up on the hillside like spare scenery on a Hollywood backlot. It was so quiet that for a moment we wondered whether we had mistakenly turned up at the wrong resort.

Fortunately, our destination, Hotel Club Vagabond, was a short walk from the station, and once inside Dominique Gross, the owner, wasted little time in idle chat, allowing us to get changed and head off hurriedly to the lifts.

We were soon on skis, but fat, grey clouds on the mountain like wet cotton wool, making it difficult to judge the terrain or enjoy views that on a good day extend to Lake Geneva, Mont Blanc and the Eiger.

A lack of a recent snowfall made the going hazardous, and by 4.30pm we were gratefully huddled in a coffee bar at the bottom of the lifts awaiting our transport back to Club Vagabond.

It would be wrong to call the Vagabond a hotel, and it certainly is not a chalet, nor even a pension. It has the characteristics of all three, but also doubles as a bar, a night club, sometime art gallery, and to those with longer memories, a mountain serving centre. Fortunately, in laid-back Leysin, no one cares much for labels - to everyone it is simply the Vag.

It has been known thus for 35 years, ever since Canadian Alan Rankin and some mountaineering friends established Club Vagabond as a centre for summer climbing and winter skiing in the early 1960s.

For a decade or so the Vag was the hangout for Alpine climbers. Everyone who was anyone passed through its doors, including British legends Chris Bonington, Mick



Anti-establishment: Club Vagabond was established in the 1960s as a centre for summer climbing and winter skiing

Switzerland

The alternative Alps

Patrick Harverson samples the counter-culture spirit in Leysin

Burke and Dougal Haston.

John Harlin, the first American to climb the Eiger and one of the many who later lost his life on its fearsome flanks, founded Leysin's famed international mountaineering school along with Haston and Rankin. The Vag was its first home.

Today, Rankin still lives in Leysin and occasionally drops by the Vag for dinner. He enjoys telling stories about the glory days, although some of the memories are painful. "Haston's death [killed by an avalanche in 1976] took a lot of the heart out of me," admits Rankin. "I have lost eight friends to mountaineering."

He is happy that something of the Vag's counter-culture spirit still survives. Gross, a Leysin-born cinematographer based in London's

Notting Hill, bought the Vag two years ago and has worked hard to ensure its special appeal as a base for what Ranking dubs "anti-establishment tourism" lives on. That it does so today is partly due to its popularity with snowboarders, for whom the slopes of Leysin are among the most welcoming in Europe.

The Vag is right up the boarders' street with its affordable accommodation (seven nights half-board costs SF295, or about £150, but if you bring your own sleeping bag it costs just SF26 a night) and vibrant nocturnal life.

The latter includes the Ice Cave, the Vag's basement nightclub, which attracts hordes of young foreign students from Leysin's international schools. It was in the

Ice Cave's murky, strobe-lit corners where we met Pony, a cheerful south Londoner who is that rarity in the clubbing world: a skiing DJ. Pony - so named because he helped design the children's toy My Little Pony - joined us for a day's skiing on the Friday.

By Friday morning the clouds of the previous day had lifted and the skiing was greatly improved. Snow conditions were still patchy but we found some good runs on the western slopes of the resort. There, the Chaux de Mont drag-lift took us to more than 7,000ft where the wide, sunny slopes under Tour d'Al afforded some challenging runs under cobalt blue skies.

But visiting Leysin is as much a social as a skiing experience and lunch proved

the focal point of the day. We skied and lift-hopped eastwards across the mountain to Chalet de Fers, a packed, cheerful barn where for a modest SF16 we feasted on *Rostis* ("D's Fers"), a robust farmer's dish of cheese, potato, ham and egg that is the speciality of the house and the region.

With several large beers, the *rostis* quite took it out of us, so the afternoon was spent leisurely cruising the rest of Leysin's slopes, interrupted by coffee at the Kuklos, the glass-walled revolving restaurant that sits centre-stage on the mountain.

After our break, we were led down to the Vag via a circuitous back route which involved traversing craggy, rock-strewn snowfields that afforded plenty of opportuni-

ties to work on our pratfalls and slapstick stunts.

That evening, after admiring the views across the valley from the Vag's enclosed back terrace over several large gin and tonics, our fast-expanding group of Vag-abonds stumbled down to Le Feydey restaurant for dinner.

There, the star of the show was not the food - which in the form of a vast *Fondue Bourignone Cheval* was excellent - but Urban, the restaurant's very large, very bearded chef, a man who should have forsaken the kitchen for a lucrative career as a heavy in a Bond film.

Many bottles of wine later, our plates wiped clean, Urban basked in the applause of our table. But as we had all shared the same meal of prosciutto followed by fondue, it was left to one of the cynical journalists in our party to remark as Urban took his bow: "But he didn't cook anything."

For the final day, we decided to make the most of Leysin's proximity to larger resorts. Leaving the Vag and our new friends behind, we bundled off in the car to Verbier, less than an hour's drive away.

Accompanied by Thierry Meyer, a Swiss journalist friend and local ski instructor who knows Verbier intimately, we spent an exhilarating day romping around this most remarkable of ski resorts.

The highlight was a thrilling run from the top of the Mont-Fort cable car, where at more than 9,000ft the freeze-thaw cycle had failed to exert its damaging grip and the snow was still soft and pliant.

Drucking under the ropes, Thierry led us off-piste down a steep, undisturbed slope. It was not undisturbed for long, and as we hurtled downwards in tight jumps behind us tumbled to the valley floor alongside our jack-knifing skis. It was an exhilarating ride that left two exhausted but hugely happy weekend skiers ready for the journey home to a bleak Monday morning in London.

Patrick Harverson travelled courtesy of Swissair, tel: 0171-494 7300. Club Vagabond, 1264 Leysin, Switzerland, tel: 0041-24 494 1321.

France

Lure of the Trois Vallées

The French are making great efforts to attract visitors this season, says Arnie Wilson

In just two weeks, thousands of skiers will be buzzing around the slopes of the largest ski area in the world, France's celebrated Trois Vallées, which next year celebrates its 25th birthday.

This winter, with artificial snow cover from top to bottom at La Dalles and Solaise, Val d'Isère will have more man-made snow than ever before.

Then, on December 14, weather permitting, Val d'Isère will stage Europe's first World Cup downhill of the season to launch the traditional *critérium de la première neige*.

And the French ski season will have begun in earnest. France boasts 13,000km of ski trails, downhill and cross-country - "with distances from the North Cape to the Cape of Good Hope" - and lures skiers to its magnificent slopes from an even bigger catchment area, with tourist offices spanning the globe.

So what can the skiing and snowboarding public, who will by then be arriving in droves from Britain, the Netherlands, Germany, Sweden, Japan, Greece, the US, Canada, Argentina, Brazil, and even Australia, hope for this winter in the French Alps?

There are likely to be more American visitors to the Trois Vallées after a formalized partnership between the area and the American Ski Summit areas of Breckenridge, Keystone, Copper Mountain and Arapahoe Basin.

Skiers with season passes in either the French or the American resorts will be able to ski free for one week in each other's areas.

Americans who enjoy skiing on the nation's highest slopes at Arapahoe at around 13,000ft will be able to compare notes with Europe's highest ski resort, Val Thorens, which has skiing up to around 10,700ft.

Boarders in the Trois Vallées, already spoilt for choice, will find even more to do: at Courchevel, there will be a new half-pipe near the Plantrey drag lift, a "fun" area with moguls and dips under the Verdons cable car, and a new snow park on the Deux Lacs slope at Val Thorens complete with pyramid, slipper (whatever that may be), plus "waves" and moguls.

Perhaps with young snowboarders in mind, neighbouring La Tania has built a "lieu sympa" cocktail bar cum games room for teenagers, no doubt appropriately named "Les Enfants Terribles".

Among other improvements in the area is a recently built gondola linking Val Thorens with Orelle in the Maurienne Valley.

France is a firm favourite with the British, who this winter will be helped by a strengthening of sterling against the franc, and a £144 return rail fare by Eurostar and its TGV day-time link at Lille.

Even the French found France expensive last year. Neal Manuel, of Flexiski, who has French clients at The Lodge, his flagship chalet in Courchevel, says: "A lot of French skiers went to Canada and America last year. But now the franc has weakened, I think they're more likely to stay at home."

One way in which the French are attempting to encourage British families to ski in France is with a "Kids Stay and Ski Free" campaign in 28 selected resorts during the middle three weeks of January for children under 12 accompanied by two adults.

Tour operators are anxious to play their part too, with all kinds of incentives: Le Ski is tempting skiers with "unlimited" superior wine and Ski Beat is offering free "after hours" snowboard instruction at La Plagne.

At Vaujany, in the Alps Dauphiné, Nigel Purkhart of Ski Peak is hoping to attract clients by introducing a 2,200m club, with a monthly champagne prize for skiing all the way from the Pic Blanc in Alpe d'Huez down to L'Enversin on piste without taking a single lift. "This is a delicious 2,500m of quality skiing via the famous 'Tunnel' run, followed by Les Rousses which sweeps across towards Vaujany and finally down into the woods of Enversin," he says.

Chamonix now has a 50-person cable car which will link Brévant and La Flégère

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Flying in the face of those tour operators trying to encourage people to book early, David Kemp, of The Ski Company, has introduced a "late availability" service, by which clients reluctant to commit themselves early in the season will receive a copy of the company's "Tip Off" report detailing late availability prospects.

Among other French resorts with new developments, Chamonix now boasts a new 50-person cable car which will link Brévant and La Flégère. "And we're all looking forward to the magnificent new Bochart gondola which will whisk skiers up to Lognan and Les Grands Montets at Argettière," says Colleen Ollanti of Collineige, the Chamonix chalet specialist.

Villard de Lans/Corrençon, in the Vercors region, is unveiling a six-seater chairlift; new lifts at La Rosière will improve access across the Italian border to La Thuille; and La Plagne should have replaced its last surviving two-seat lifts with quad chairs.

Chairs of any description might mean cold bottoms for enthusiasts who ski La Clapière, in the Riviera Alps, revealed recently as France's only nude ski destination. But, fortunately, according to the French government tourist office, they stick to cross country.

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SPORT

Cricket

Such a shameless grand old man

Teresa McLean discusses Jim Swanton's 70 years of cricket writing

One adjective I cannot help associating with Jim Swanton, in the friendliest possible way, is "shameless". Swanton has always taken pride in expressing his views, however unpopular.

Since All Sports Weekly published Swanton's first article in May 1926, a profile of his Kentish hero Frank Woolley, Swanton has expressed himself proudly on cricket, in particular through The Daily Telegraph newspaper, The Cricketer magazine, the BBC and the MCC.

For 70 years he has been making his views on cricket known, getting away with touches of excess here and there in a shameless style.

cricket book, written in his 90th year. But it made me cringe when I saw the publishers' declaration inside the front sleeve that the book is full of "late cuss" and "perfect timing". I would not be at all surprised if another book appears in a few years' time called Overthrow or Nearly a Century, but its cover could not rival the cover of Last Over.

Swanton smiles out of the black background in a celebration of white hair, eyebrows and shirt, knowing he looks good. It is a superb photograph of a character.

The photographs in this book are one of its strengths. However well one already knows Swanton's work, these pictures give new insights into it and into its author's private life. The book divides Swanton's life into successive periods - childhood and adulthood; the war; the post-war decade and so on, each section consisting of a short narrative introduction by David Rayvern Allen and a choice of writings and broadcasts by Swanton.

I have always presumed Swanton was born on the

vege of antiquity, without youth or adolescence to dilute his presence. It was fascinating to see Swanton the small boy, dressed up and sitting on a bench next to his poor, trussed-up sister, both of them sporting massive bow ties at various bits of their costumes.

Swanton as a young man already looks large and self-assured. Swanton accompanying the 1960 MCC tour of the West Indies is a majestic figure at a banquet of cricket journalists who look like ambassadors of a confident era now gone.

Occasionally the extracts from his work provide a period flavour as unexpected as that given by the photos.

LAST OVER

E.W. Swanton with David Rayvern Allen

Richard Cohen Books, £18.99, 270 pages

Swanton's radio exchange with England's captain Ray Illingworth in 1971, after England's successful tour of Australia, deals with Illingworth's view that Swanton was stand-offish, with little

contact with the cricketers; it deals with Swanton's view that Illingworth lowered the standards of English cricket by arguing with an Australian umpire; it deals with that tour as the start of a new age in cricket; it adds a personal angle to Swanton's conservative pronouncements in The Field, The Daily Telegraph and The Cricketer at the time.

Perhaps because Swanton is so well known, I found his least interesting snippets the most interesting. What he had to say about his wartime experiences, which

included more than two years in Japanese prisoner-of-war camps, make a reticent and compelling read. Tiny details bring underlying themes strikingly to life.

Swanton's ability to find and summarise themes has always been one of the most famous features of his work. Many of his reports give more emphasis to summaries and evaluations than to the factual examples illustrating them, in a sweeping way that would probably not be accepted from a modern cricket writer.

early memories of Test cricket on television was Swanton's lordly five-minute summaries at the end of each day. I was not always certain what they meant, but I was sure they were important. Rather than retire into a golden age, Swanton has been told by his publisher to end the book with a piece on the future of cricket, a task which he undertakes, revealing in his misery, in a mood of grim fear.

Alas, it is easy to understand his fears for English cricket. It is almost a relief to find him being full-frontal shameless, as in his criminal paraphrase of Francis Thompson's cricket poem At Lord's. The atmosphere is lightened for me by the prospect of an argument with the grand old man of cricket journalism. Like him or not, Swanton is a phenomenon.

Football

Whose foot fits the golden boot?

Ronaldo, George Weah and Alan Shearer are all world-class strikers - but choosing 'the best' is difficult, says John Perlman

Monday's British newspapers had some familiar element missing on their sports pages. It is not often you look through the football scores without seeing at least one of the following names among the scorers: Ronaldo, George Weah, Alan Shearer.

There had to be more to it than just dogged defence. Newcastle United striker Shearer was recovering from a groin operation and missed England's World Cup game against Georgia. The Brazilian Ronaldo, 16 goals for Barcelona in 11 games, was sidelined by a tendon injury and missed a 2-3 goallet against Atletico Madrid. And George Weah, Milan striker, battled in vain to carry a rather ordinary Liberian team through a World Cup qualifier against Tunisia. Liberia lost 1-0.

Within a few weeks, though, it should be back to business for the three men who would top just about any list of candidates for "best striker in the world". Of course it is a mythical title this, even more subjective than best batsman in the world or greatest pitcher in baseball, which can be measured to some degree in numbers and percentages.

The statistical arguments will gain a little weight this season, with the revival of the Golden Shoe award for the top marksman in Europe, a once-prestigious competition that was scrapped in 1991.

Judged on a straight count of goals scored in domestic league competition, the Golden Shoe's list of winners tallies with many people's list of the greatest marksmen - Benfica's Eusebio and German Gerd Muller (Bayern Munich), both won it twice in the 1970s; Ian Rush (then with Liverpool), the Dutchman Marco van Basten and Real Madrid's Hugo Sanchez in the 1980s. But there were anomalies.

The 1976 winner was Soviet Kostas Kostas who scored 39 goals for Omonia Nicosia. And in 1987, allegations of manipulation flared when Romanian striker Rodion Camataru scored 21 goals in seven games for his team Dinamo Bucharest, who still only managed to win just two of those seven matches.

This time round, scoring totals will be weighted to give greater value to goals scored in the elite European leagues like Italy, Germany and England. It is a partial solution.

The weighting for England and Italy will be the same, and yet while 30 league goals might win a striker the copacetic (leading scorer) title against the tough defences in Serie A, the Pre-

mier's top striker will invariably finish with at least 10 goals more.

But the statistical arguments have limitations. Alan Shearer has scored more than 30 goals for the past three seasons. It is possible that he will consistently outscore Ronaldo, probably that his season's tally will always be greater than Weah's. But while Shearer has scored goals by the bagful, do you have vivid memories of any of them - we all recall his second goal against Holland in Euro '96, for its significance, but can

you remember exactly what he did? This is not a denigration of Shearer's remarkable ability, merely an illustration of a point.

Bobby Robson, manager of Barcelona, has a very high regard for Shearer - he made three inquiries about buying him when he took over at the Nou Camp. Shearer, Weah and Ronaldo are also Robson's top three, although Juventus striker Alan Boksic comes close.

"All three score goals, all three are clinical finishers," Robson says. "I like Shearer very much. He holds the ball

up well, he shoots well and he makes very intelligent runs into space. But there are things that Ronaldo does that Shearer cannot do. He can pick it up on the half-way line and run, beat two, three, four defenders and score. Shearer can't do that."

Weah certainly can. In the dying minutes of a messy game against Verona in early September, Weah picked up the ball in his own penalty area and with power and pace raced the length of the field, before beating the keeper with a delicate shot. The Italian sports press, in

characteristic style, broke the goal down into its essentials - ran 85 metres in 14 seconds, beat six opponents. Weah, characteristically, was low-key: "Sometimes those ones work out, sometimes you'll mess up the chance, but I had to give it a go."

But it is Robson who expresses what moments like that mean to the football lover after Ronaldo scored a similar goal against Compostela a month later.

"I couldn't believe what he did," Robson says. "I thought he would lose the



Soccer's artists: (left to right) Ronaldo, Shearer and Weah have different strengths but all have scored goals by the netful

ball. This guy had just scored one of the most breathtaking goals that you will ever see. It was a rare goal, one that many good players wouldn't even attempt."

Robson believes Weah and Shearer are better in the air than Ronaldo. But although Ronaldo may not be perfect, the Barcelona boss says: "I think Ronaldo is by far the best young player in the world."

Ronaldo is just 20. Shearer is 26 and Weah is 30 - strikers at very different stages of their career, but all three

seem to get better and better. Most English fans will put Shearer on top of the pile, while Pele echoes Robson and calls Ronaldo "the Golden Player" and Weah is the current World Footballer of the Year. You will not get everyone to agree on who is the greatest, but in many ways you wouldn't want to.

"The game is about many things, but it's very much about artists and art," Robson says. And art and artists, mercifully, will always defy the best efforts of the statistically minded and the categorical.

Rugby

Eurosceptic fans are conquered

Gripping play has ensured healthy crowds at the Heineken European Cup matches, says Huw Richards

Whatever Euroscepticism may be doing to the electoral prospects of the Conservative government, it should be now be in rapid retreat in British rugby circles.

It is not that the second Heineken European Cup has been an unrelieved success. Independent Television, tired of the rugby authorities' prevarications, dumped the competition - briefly jeopardising it. We learned only this week that the final is to be played on January 25.

The French, as befits the nation that gave us football's European Cup, were always believers. They take the idea so seriously that there were eight French journalists - against two Britons - in the press box for a match in the second-string competition between London Irish and Bourgois. British commitment was less certain, with the possibility that fans would display an in-built preference for domestic routine over the unfamiliar or exotic. Playing standards are almost a secondary consideration in determining the importance and durability of competitions - it is making

people care about them that matters.

Early reports of low crowds in Wales and large gaps in the stands at the Stoop Memorial Ground, packed for early English league games, for Harlequins v Neath, were worrying. But one had only to witness the precarious position of non-paying fans at the Bath Recreation Ground as the home club took on Dax, to realise that this test has been passed. The fans were perched vertiginously on the roof ledges of fourth-floor Georgian terraces abutting one end of the ground.

Tedium and introspection have been the besetting sins of much recent club competition. Bath v Dax, like Pontypridd v Bath and Wasps v Cardiff on the competition's previous weekends were antidotes to both - furious, gripping contests in front of passionately committed crowds.

Dax optimised the vices and virtues of the French game, at once the most compelling and exasperating in the world. In the space of two first-half minutes there was a stunning opportunity by wing Ugo Mola whose dextrously angled kick ahead of a loose Bath pass displayed an extraordinary

combination of athleticism, footballing skill and spatial awareness - and an 80-yard counter-attack - passing through at least 10 hands and falling only a yard short of a try which would have borne comparison with any of the miracles fashioned for the national team in recent

years by Saint-Andre or N'namack. If France can do without flanker Olivier Magna, the rapid discovery of British or Irish ancestry would ensure a warm welcome from any of four sets of selectors.

But just as France have been much the most prolific

try scorers in the northern hemisphere, they are also the great conceders of penalties.

Dax's disinclination to stay onside, and Jon Callard's corresponding ability to exact three-point penalties, completely negated their superior creativity.



Furious pace: Cardiff's Rob Howley passes the ball out during the match against Toulouse

Their 25-16 loss meant they had to beat Pontypridd to qualify for the quarter-finals, where they entertain holders Toulouse.

But it will be no surprise if one of Dax, Toulouse - in spite of their extraordinary 77-17 hammering by Wasps - or Brive, conquerors of star-wash Harlequins, eventually takes the trophy. France has also taken seven of the eight quarter-final places in the secondary competition.

Only Scotland, which may want to rethink entering district teams, can take no comfort from performances so far.

Malrose, Watsonians and Stirling County could hardly have done worse than the one win out of 12 recorded by the districts.

Reports of the death of Welsh club rugby have proved exaggerated while Ulster fell only a couple of goal-kicks and a touch of self-belief short of providing Irish representation in the quarter-finals.

But whoever wins the Cup, the important gains have been made already. The compelling, half-forgotten joys of a tight Anglo-Welsh contest have been reaffirmed. The periodic brawls inherent in the cultural clash with France are out-

weighed by demonstrations of panache and élan. The once-monochrome domestic programme, already much improved by changes in rules and attitudes, is further enriched by this cross-border, cross-channel supplement.

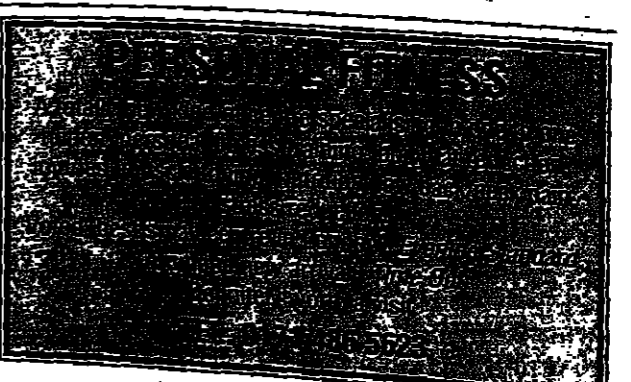
There are suggestions that the Cup should be extended to become a European League, replacing the top levels of the domestic national competitions. The idea has its appeal, particularly following the shambles of the first few weeks of this season, with competitions and fixtures proliferating.

But this was a consequence of the nobody's-in-charge anarchy, with clubs and unions apparently bent on mutually assured destruction.

Any new structure must retain the potential for Duvant, Currie or Reading - if they are good enough - to reach the very top and for Newport, Coventry or Edinburgh Wanderers - given the same proviso - to regain the status they once enjoyed.

Anything else, any self-perpetuating exclusive elite, would be a denial of the hopes, dreams and fundamental competitive principle on which all worthwhile sport is founded.

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FOOD AND DRINK

A flair for luscious fruit-growing

FT food writers visit Portugal where Philippa Davenport plucks two favourite fig recipes

Pears are untrustworthy fruit. They have my father used to put it, little more than one hour of perfect life, being inclined to leap from wooden immaturity to woolly death with indecent haste.

Comics can be good. Williams used to be a juicy and aromatic treat but now it seems genetically altered to the point of wateriness. It is soft and collapsing, all juice and no taste, hardly worth buying, the risk of disappointment is so great.

The most reliable choice seems to be Rocha, a newish variety of pear, or at any rate newish to the British market place. I believe that none are grown in Britain; all our supplies are imported from Portugal. The texture of Rocha is firm, the skin is thick, the flesh is not very juicy. This does not sound encouraging but the flavour is good and Rocha is a "stayer", by which I mean that its texture and taste remain true for about a week after purchase if stored in a cool place. It eats well raw and I find it valuable in cooking.

The pear experience reinforces my feeling that the Portuguese are adept at growing fruit and expert at preserving it. On visits there I have feasted on fresh greengages, apricots, figs, pomegranates, grapes and quince. The dried fruits, glacé fruits and other sweetmeats are also memorable. Quince paste, or tablet,

has been a pan-European favourite for centuries. The Portuguese call it *marmelada*, and it is apparently this ancient sweetmeat that inspired the Scots to make the bitter orange variation on the theme now known to the world as marmalade.

Elvas plums are another famous Portuguese sweetmeat beloved of the British, regarded by many households as essential to the Christmas feast ever since

Green figs grow fat in the Algarve but the ones I love best are the little purple figs of Alentejo

the plums were first sent to the UK by port producers as Christmas gifts. Elvas plums are, in fact, superior glacé greengages: succulent and intensely fruity, lusciously sweet but retaining an agreeable hint of acidity.

Elvas apricots, prepared following the same traditional recipe, are relatively unknown here as yet but they are winning new friends fast. Partner after-dinner coffee with Elvas fruits of either sort, plus a bar of good chocolate perhaps, and a pudding course seems redundant.

The other Portuguese fruit of which I am inordinately fond is the fig. Green figs grow fat in the Algarve but the ones I love best are the little purple figs of Alentejo. The new season's crop is nutty and sweet when freshly dried, as it is when you see dark heaps of them piled on market stalls all round the region in autumn. These little figgy mouthfuls are as irresistible as bonbons but, because they are so small, extra care has to be taken over drying them. Fierce or prolonged heat risks reducing them to miniature seed-packed leather pouches. Good dried figs are plump for their size and pliant, squidgy enough to squash between the fingers.

The only problem with figs (and this applies to fresh as well as dried) is the seeds, those tiny but devilish tooth-stickers. It is frankly unkind to put figs on the menu unless toothpicks are on hand as well.

FIG CHUTNEY WITH FENNEL

This is not a chutney in the old-fashioned sense, not a true preserve that can be stored for months or years. It is an almost instant relish, for eating as soon as it is made (although it will keep in the fridge for a few days if close covered). It can be served warm or cold and goes particularly well with rich meats such as pork and duck.

150g dried figs; 1 small onion; 1 teaspoon fennel



Figs in Beaujolais Nouveau with Fig Ice cream. From "Sweet Indulgences, 100 Great Desserts" by Mandy Wagstaff (Kyle Cathie, £19.99)

seeds; a generous pinch of Chinese five-spice powder; 2 tablespoons oil; 2 tablespoons sherry vinegar mixed with 6 tablespoons water. Chop the onion and soften

it in the oil. Chop the figs into small pieces, discarding the stalks, and lightly crush the fennel seed with mortar and pestle. Stir the figs and fennel

into the onion. Add the five-spice powder, a pinch of salt and a grinding of black pepper. Pour on the liquids and bring to simmering point, stirring.

Three-quarters cover the pan and cook very gently for about 10 minutes until the figs are tender and the flavours have married. Stir the mixture occasionally as it

cooks and crush it down into the pan with a potato masher. The finished chutney should be juicy. If it begins to dry out too much before the figs are ready, cover the pan fully with the lid, use a heat retardant mat and/or add a little more liquid, using the same ratio of vinegar to water as before.

FIG AND HAZELNUT MINCEMEAT

For mince pies with a difference, spoon this while it is still hot into freshly blind-baked (or pre-baked and reheated) shortcrust tartlet cases, and serve warm. Or let the mixture become cold, then use it to fill little triangular parcels of filo pastry; brush with melted butter and bake at 180°-190°C (350°-375°F) gas mark 4-5 for about 20 minutes, turning the pies at half time.

250g dried figs; 50g hazelnut kernels; 50g butter; 70g soft brown sugar; 4 table spoons brandy; the finely grated zest of 1 lemon and 3 tablespoons lemon juice; 1 teaspoon ground cinnamon; 2 teaspoons plain flour.

Measure the butter, sugar, brandy, lemon juice and zest into a saucepan. Add 150ml water and heat gently until the sugar has dissolved.

Chop the figs quite small, discarding the stalks. Toss them in a bowl with the flour and cinnamon.

Tip the contents of the bowl into the pan and bring to the boil, stirring all the while. Then cook more gently, stirring quite often, for 10-15 minutes until the fruit is tenderly swollen and the mixture is very thick. (If the figs are a little dry they may take a bit longer to cook and need a splash more water, lemon or brandy.) Remove from the heat when ready and stir in the nuts, which should be roughly chopped.

Elvas plums and apricots, and Alentejo dried figs, are imported by the Clements family, who sell them at their London shop and distribute elsewhere. Charrutaria Rainha Santa, Old Spitalfield Market, 49 Brushfield Street, London E1 6AA. Tel: 0171-247 2802.

A couple of years ago I was in the press house of a grower in La Lanza in the French Languedoc. He thrust a glass into my hand with a conspiratorial grin: "What do you think?"

The wine was very dark indeed, the aromas muted, but not without character, the flavour dense and concentrated. I thought it had promise. He glanced over his shoulder and lowered his voice: "It's pure Alicante Bouschet," he said, uttering what has come to be a rude word in modern French viticulture.

"It is made from very old vines which have almost stopped producing." His coyness was understandable: the Alicante Bouschet grape produced the infamous "gris rouge qui tache"; the "coarse

red stainer", of the Paris workers' dive.

Created in the second half of the last century by one Henri Bouschet, Alicante Bouschet was planted in huge quantities across the southern littoral once the railway at last made it possible to dispense with the under-performing vineyards of the Paris basin and offer something with proper guts from the south.

From stations all over the Midi the new wines made their way to the huge warehouse district of Bercy in the east of Paris. From there these black brews were des-

patched to the cafés and bottle shops beloved of the Paris proletariat.

The appeal of Bouschet's invention was not limited to France. The grape proved a boon to growers in North Africa, Italy and California. In short, all those hot corners of the globe where colour and strength were valued above finesse. It also went to Portugal.

One man who appears to have believed strongly in the Alicante Bouschet grape was João Reynolds. The Reynolds were a remarkable Anglo-Portuguese family who first emerged in the

1820s as cork oak farmers in the Alentejo. Part of the family split off and went to New Zealand, only returning a generation or two later. When they did they brought the eucalyptus with them; now the Portuguese landscape would be almost inconceivable without it.

João Reynolds planted Alicante Bouschet at both the Herdade de Mouchão and Quinta do Carmo estates. Apart from a ten year hiatus when both properties were sequestered by the local communists after the 1974 revolution, Mouchão and Carmo have maintained

their connection with the Reynolds family: Iain Richardson, who now makes the wine at Mouchão is a Reynolds on his mother's side; the Bastos family at Carmo are cousins.

Richardson has inherited an unshakable belief in Alicante Bouschet from his ancestor. After the damage wrought by the communists during their interregnum, the vineyard area has been reduced to just nine hectares, but in the next few years a further 23 will come on stream. The top wine is Mouchão, which is 70 per cent to 80 per cent Alicante Bouschet topped up with local grapes: Trincadeira, Periquita and Moreto. A second wine called Dom Rafael is only around 30 per cent Alicante. Here he is looking for a softer, more commercial style.

It is touching to see a young man with such a deep-seated faith in tradition. Richardson has changed nothing in the making of Mouchão. The secrets to the making of great Mouchão are kept in the head of an old estate worker who can neither read nor write. He spends much of his time warming his bones by a fire or out in the sun. He was aware when to pick the Alicante Bouschet and get the

best out of it when the stalks had blackened and the grapes had shrivelled and turned to raisins.

After the communists left, the estate was blighted by drought and frosts. No Mouchão was in the 1993, 1994 or 1995 vintages. As a young wine it is so black and dense that it is virtually unpalatable. The charm of the Alicante Bouschet only reveals itself with age. The 1990 is almost there with its huge redolence of blackcurrants. The 1985 was just right; the blackcurrant had mingled with some undergrowth character. A 1979, made by the communists, had turned a little brown, but had plenty of staying power.

In 1992 the Rothschilds of Château Lafite bought into the Quinta do Carmo, and since then the wines have been made by Arnaud Warnery. Warnery comes from the Midi and is, therefore, no stranger to Alicante Bouschet. Although Warnery is reluctant to admit it, there has been an injection of Rothschild policy into the wines. Experiments are being made with French cultivars, oak casks have been brought down from Lafite, and the amount of Alicante Bouschet has been drastically lowered. Warnery's arguments are

cogent. There was a need to lengthen the "finish" of the wines. To get good Alicante Bouschet, yields must be uncommercially small and the wine must age for up to a decade before it is fully ready to drink.

The new Quinta do Carmo is a wine which is just a third Alicante, with the rest made up with Aragonez (the Tempranillo of Spain) and Trincadeira. The oak has been played down since the 1993 vintage, which didn't suit the wine. It is an open question, however, whether a wine such as the 1994 Quinta do

Carmo will ever reach the heights of the 1987 Carrafeira (special reserve) which we drank with lunch in a local restaurant in Estremoz. This was superbly aromatic with a density and concentration which would be the envy of many a top Bordeaux. And to think that it was made with 70 per cent to 80 per cent Alicante Bouschet, one of the dirtiest words in French.

For Herdade de Mouchão, inquiries to Raymond Reynolds 01663-742 230, or Rainburn Fine Wines (0131-332 5166) which has a small stock at £12.99. Quinta do Carmo 1993 is £21.40 from Flavours of Bristol (01454-282 085), Hampden of Thame (01844-212 521), Bablake of Coventry (01203-228 272) and Frank Stanton of Kendal (01539-731 885).

New wines from Alentejo

Giles MacDonogh meets a young man with a deep-seated faith in tradition

READ ANY GOOD NOVALS RECENTLY?

IT IS 1931. Somerset Maugham is about to publish *Cakes and Ale*. Evelyn Waugh has just published *Vile Bodies*. And another masterpiece is in the making.

Most of the western world is in the grip of the Depression. But in Portugal the sun shines exactly as it should; and all the portents indicate a magnificent vintage year.

At management level, however, caution prevails. There is still plenty of the excellent 1927 vintage in Britain, the prime market. And there is little money around to buy it. So some of the biggest names in port miss the century's biggest opportunity.

Because, as it happens, Quinta do Noval does declare a vintage which turns out to be the ANNUS MIRABILIS...

Today, there are probably no more than a hundred bottles of Quinta do Noval Nacional '31 left in the world. At a recent auction in New York, Michael Broadbent of Christies sold one of these bottles for a record \$3,800.

Of course, you can buy the fine wine of Noval, at great age too, for very much less than that. There are 40 year old tannies for little more than £1 for every one of their years. At the same time, there are excellent LBVs for just two or three more pounds than the price of a paperback.

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Noval's latest Vintage. Sold out within days of declaration but will shortly be available through auction houses!

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Strictly for port lovers

Further to my survey of Christmas ports in last week's paper, a few more wine makers have beaten a path to my door over the past few days.

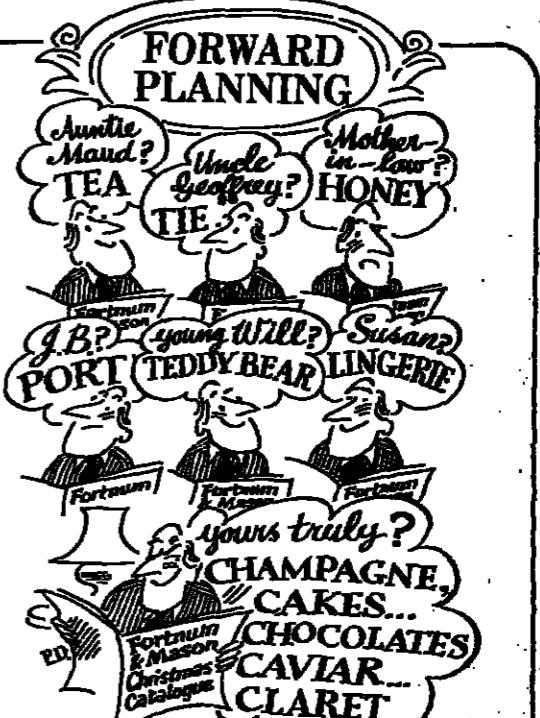
The 1991 Late Bottled Vintage from Sandeman (Oodbins, £9.59) I found rather coarse and spirit. Some of the Portuguese houses produce interesting wines in this idiom. Niepoort's 1990 LBV is individual: a nutty, tawny-like port (Bibendum 0171-016 7706 £10, or contact Raymond Reynolds on 01663-742230 for suppliers outside London).

The 1987 LBV from Ramos Pinto is also a traditional wine with a proper, driven cork which smells of fresh green figs (£9.55 from branches of Eldridge Pope, Kendalls of

Manchester or Peter Green of Edinburgh). The best LBV I have had from a Portuguese house this year has been the Quinta do Crasto 1991 (Oodbins £8.99) with its luscious taste of figs and raspberries.

Oodbins Fine Wine shops also sell the 1994 Crasto Vintage (£21.99), but this is a traditionally made vintage port and will not be drinkable for another ten years.

For port-lovers looking for something softer, more approachable and a little out-of-the-ordinary, there is Niepoort's 1983 Colheita wine (£19.50 from Bibendum or Raymond Reynolds). This is wood-aged vintage: essentially a tawny port from a single year, with an intense nut and licorice flavour.



Half of the enjoyment of forward planning is the opportunity to look after one's own interests in the process. This is not a matter for guilt.

When the mood takes one, a little self-indulgence can be a practical and creative activity. Fortnum & Mason offer the opportunity for both giving and receiving. For a copy of our Christmas Catalogue (£3), please phone our Order Department: 0171-465 8666.

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The British Mail

FOOD AND DRINK

Wine

Stunning bargains still to be found

Jancis Robinson on where you can find the best value vintages in the world

The one thing we regular consumer writers forget to state is the obvious. Forgive me, then, if it has been some time since I have drawn your attention to the stunning value that is still to be found in the Languedoc and, increasingly, Roussillon. Prices must, presumably, rise, and if these contiguous regions were dominated by a handful of omnipotent corporations the way, say, Australia's vineyards are, then they probably would have done so already. Instead, however, this vast sweep of vines around France's Mediterranean coast is commercially anarchic. Hundreds, possibly thousands, of growers are still blithely unaware of the wine quality revolution. Some of the co-ops they routinely sell their grapes to are trying hard to sort the wheat from the chaff. Several big companies such as Sialit, DCCOAR and Val d'Orbiel/Listel are doing their best to yoke these

producers to a modern harness. But the real interest for wine lovers lies in the increasing numbers of small domaines run by enthusiasts, apparently more concerned to capture the essence of their region in a bottle than to make serious money. These distinctive wines, mostly but not exclusively red, offer the ultra-digestible build of a French wine with all its subtleties, but without the vintage failures regularly incurred further north. The 1992 vintage was the only disappointing one here since 1987, and although rainy 1996 was a challenge, the 1994 and, especially, 1995 vintages currently on sale were

excellent. The virtues of producers such as Mas Jullien (La Vignaroune) and Mas Cal Demoura (Oudbins) have already been great on these pages. Typical of the great combination of seriously fine winemaking with low grape prices is Mas Brugliere 1995 (£8.50 from Adam Bancroft Associates of London SW8. Tel: 0171-793-1902). This deep crimson wine from outcrops below the Languedoc's Pic St Loup has a wonderfully silky, supple texture yet also has the guts to suggest that it will taste even better in a couple of years time. There is a more expensive oak version (available from James Nicholson

of Crossgar, Northern Ireland), but with fruit this concentrated and distinctive, who needs cooper? Adam Bancroft's mellow Domaine Guillaume Delocheur, a vin de pays from Ch d'Oupia 1995 in the eastern Minervois, also seems excellent value at £4.85. Gelston Castle Fine Wines (01556-503012 in Scotland, 0171-81 6841 in London) is run by another young man keen to sniff out similar individualists among Europe's wine producers. He imports the characterfully spicy Roussillon reds of Mas Cremat of which the mottled 1994 Cotes du Roussillon 1994 at £5.95 is

again much better value - and possibly better overall - than the oaked version for £3 more a bottle. The much mightier buying power of Majestic, meanwhile, has managed to get the rich red Roussillon Domaine des Schistes 1995 into their wine warehouses at just £3.99 a bottle. The wine shops owned by London's Fullers brewery, on the other hand, have done even better. Here you can buy by the single bottle bargains such as the dramatically labelled and cleverly named Roq Dur Unfiltered Syrah for just 3.49. Head-hunted - or rather fruit-hunted - from one of the bigger co-ops

in the Aude, this is a sister wine to a slightly less convincing varietal white Marsanne Cotes Dangeuses, the label of which leans heavily, if unconsciously, on California's Bonny Doon for inspiration. Fuller's buyers have clearly worked hard in the Languedoc for they have picked out a particularly rich, concentrated parcel of Merlot grapes, from a Capendu grower who normally sells to the Focallieu co-op (responsible for the Franco-Australian Winter Hill blends at £2.99). This has been dressed up somewhat pretentiously as M - Le Merlot 1995 but has far more real Merlot meat than one might

reasonably expect for £4.99. Fullers, incidentally, is a mecca for Merlot fans, but this is wild, slightly astringent Merlot as has never been seen before from the Languedoc. A much tamer, smoother version is that made by Australians Hardy's in their new Languedoc winery as La Baume Merlot 1994 at Sainsbury's and Philippe de Baudin Merlot 1994 from Greenalls and Oudbins, all £4.79. Full, creamy with a dash of pepper, this wine has a dry finish and lots of refreshment value. Waitrose has also worked hard in the Languedoc with three first rate reds at £3.99 of which Jacques Lurton's Domaine de Serme Syrah 1995 is particularly alluring and Maurel Vedeau's Ermitage du Pic St Loup 1995, a Rhoneish blend, is very sweet and well balanced. Waitrose's L'Enclos Domeque 1995 demonstrates how well the Mourvedre grape ripened under last summer's sunny skies.

The best of British - by mail order

Nicholas Lander looks at the improvement in getting quality produce to the customer

Five years ago, when I first surveyed British mail order speciality food suppliers, it was difficult to find enough of the right quality. Today, much the same part in compiling what follows is an excluding names - purely because of space restrictions - because so many companies are now devoted to producing top quality foodstuffs, albeit in a limited quantity. Delivery by mail or overnight transport has proved a financial lifeline for most geographically isolated producers uniting them with predominantly urban customers. Anyone who wants the most comprehensive account of these suppliers, should invest £12.99 in *The Food Lovers' Guide to Britain* (BBC Books, 432 pages) by Henrietta Green who has now teamed up with the Chatsworth Farm Shop, Derbyshire to create Food Lovers Direct, an overnight food delivery service (tel: 01246-583392; fax: 01246-583464). I hope this list will be of use beyond the Christmas period. The biggest change in my shopping habits this year has been a friend's introduction to the Food Ferry Company which collates and delivers supermarket shopping in central London. Call 0171-498 0227 or fax 0171-498 9009 for an escape from trolley rage.

Bay potted shrimps (01524-410910) to be eaten either as a light meal with a salad or a first course. Smoked salmon, wild or farmed is available from Dunkeld, Scotland, (01350-727639, fax 01350-728760); cold smoked trout from Mere Fish Farm, Wiltshire (tel/fax 01747-860461); smoked eel and other fish from River Farm Smokery, Cambridgeshire (01223-812577, fax 01223-812319); and smoked eel and Kabayaki, Japanese broiled eel marinated in soy sauce, from Sargasso, Scotland (01349-88954, fax 01349-883015). Inverawe Smokehouse (01866-822446, fax 01866-822274) produces excellent smoked fish and trout caviar. For Irish wild smoked salmon try Ummsers in County Cork (23 46187, fax 23 46419).

Game For geese (and turkeys) call Goodmans Geese, Worcs, (01299-895272, fax 01299-896889); or Seldom Seen Farm, Leics, (ph 0116-2596742 fax 0116-2596226); and for all cuts of venison, Fletchers of Auctermumchty (07000-VENISON, fax 0137-827001). Barry Clark of The Hereford Duck Company (01981-570767, fax 01981-570877) successfully breeds the flavourful Trelough duck and has now turned his attention to the Devereux chicken, reared for twice as long as an intensively reared bird. The Game Larder, Epsom (0700-749000) supplies locally shot pheasants, woodcock and mallards (and obviously not local alligator, crocodile and ostrich steaks).

Smoked Meat For breakfast, there is a choice between Manx kippers from George Devereux, Douglas, (01624-678257, fax 01624-661741) and those of Northumberland via L. Robson & Son (01665-676223, fax 01665-676044).

For very good party food try anything from Mincola Smoked Products, Lechlade (01367-860391, fax 01367-860544); Richard Woodall, Cumbria (01229-717237, fax 01229-717007); Mooreland Farms, Cheshire (01625-548499, fax 01625-548806) and the Teesdale Trencherman, Durham (01833-638370, fax 01833-631218) which also smokes locally shot grouse.

As a first course I recommend the smoked venison, smoked chicken or smoked duck from Rannoch Smokery, Tayside (01882-632441, fax 01882-632441). For traditional York hams try Dukeshill Ham, Shropshire (01746-789519, fax 01746-789533) or Sandridge Farm, Wiltshire (01380-850304, fax 01380-850913); for Alderton hams, cured with marmalade, try The Country Victualler, Notts (01936-836465, fax 01936-836717).

Meat Wherever possible, these are organic producers. Organic meat does cost more but, health issues aside, the yield is higher too which means more tasty meat for your money. Since March and the BSE troubles, business has increased substantially for all these producers so order early. Turkeys from Kelly Turkeys, Chelmsford (01245-223581, fax 01245-226124) or Copas brothers, Cookham (01628-529595, fax 01628-529612); anything from Swaddles Green Farm, Somerset (01460-234387, fax 01460-234591); Pipers Farm, (ph 01392-881390, fax 01392-881300) and Heal Farm Meats (0178-9574341, fax 0178-9572838); Eastbrooke Farm, (01793-790460, fax 791298) and Meat Matters (tel/fax 01235-763461).

Great British specialities include suckling pig from Pugh's Piglets, Lancs (01995-602571, fax 01995-600126); Lincolnshire chine, cured pork stuffed with herbs, from FC Phipps (01507-569235) and Cumbrian Herdwick lamb and mutton from Agnus Quality Meats (tel/fax 01768-883364).

For those who delight in an all-meat day, call Jack Morris in Farnworth, (01204-571763, fax 01942-811091) or Mr Wild, Bury, Lancashire (01254-886487) for the finest black puddings. Finally, there is roast peacock for those in search of an unusual gastronomic treat. Jill Williams raise a limited supply outside Abergavenny, Wales, and supplies cooking instructions. They cost approx £75 each and will feed six to ten. (01873-854358).

Vegetables Take advantage of the box schemes run by approximately 60 organic farmers



around the UK who will deliver, usually weekly, a box of the week's finest produce to your door. The Organic Marketing Company (01531-640819, fax 01531-640818) can provide details of the farm nearest you offering this service.

Cheese Such has been the renaissance of British and Irish farmhouse cheeses over the past decade that it would be easy to fill this entire column with worthy cheesemakers. North: Iain Mellis, Edinburgh (0131-226 6215, fax 0131-226 6227) or Glasgow (tel/fax 0141-339 8998); Humphrey Errington makes the distinctive Lanark Blue in Strathclyde (tel/fax 01599-810287) or Loch Arthur Creamery, Dumfries (01387-760296, fax 01387-760618). For Scotland's particular cheese biscuits call Galloway Outcaks (01671-402678).

South: Jeroboams, London SW1 (0171-823 5623, fax 0171-823 5722) and Paxton & Whitfield, SW1, (0171-930 0289, fax 0171-321 0621). For French and British cheeses try Neal's Yard Dairy, Covent Garden (0171-379 7646, fax 0171-240 2442). Founder Randolph Hodgson believes that there has never been a finer selection of Cheddar available, whether Montgomery's, Keen's, Quicke's or Isle of Mull. Also recommended is this year's rich and fragrant Berkswell, a hard sheep's milk cheese made by the Fletcher family in the Forest of Arden.

Herbs A vital, often neglected ingredient. To remedy this, invest in the catalogue - cost: four first-class (26p) stamps - of 112 seeds and 300 plants from Jekka's Herb Farm, Bristol, (01454-411888), or try Les Fines Herbes, Stamford

(tel/fax 01780-57361).
Tea, coffee and sweets

For tea and coffee visit the Algerian Coffee Stores, W1 (0171-337 2480 fax 0171-437 5470) which is also stocking this year's chocolate covered figs. Monmouth Coffee, Covent Garden (0171-838 5272, fax 0171-379 3801) or Taylors of Harrogate (01423-889655, fax 01423-881063).

For sweets my personal favourites include fudge from The Toffee Shop, Penrith (tel/fax 01768-862008) and Sara Nelson's Gasmere Shortbread (015394-35428, fax 015394-35155). Chocolate cravings can easily be satisfied with an order to Ackerman's Chocolates, London NW3, (0171-482-3731, fax 0171-482 4651); Rocco Chocolates, London SW2, (ph 0171-852 5857, fax 0171-352 7360); Melchior Chocolates, Devon (tel/fax

01789-574442) or Sara Jayne's hand rolled truffles (0181-974 8500, fax 0181-8748576). For addicts, life membership of The Chocolate Society, Yorkshire, (01423-322230, fax 01423-322263) is £45.

Miscellaneous Finally, several producers who do not fall into any neat category: Mrs Tee, Hampshire, (01590-673354, fax 01590-673356) for wild mushrooms and chutneys (01584-781349).

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PROPERTY

On The Move / Anne Spackman

Stone floor mill for the vacuum man

The home that seduced designer James Dyson

For a man who makes vacuum cleaners, James Dyson lives in a house with remarkably few carpets. But then, his machines are equally at home on stone or wood as on pile. What few carpets there were in the house, which he has just bought from the film-maker David Puttnam, are being removed - one of the few alterations he deems necessary in a house otherwise very much to his taste.

Dyson has sold more than 3m of his machines worldwide, with Japan and the US his strongest markets. He is about to transfer his radical technology from vacuum cleaners to cars, producing a system which will eat the soot normally spewed out from exhausts.

The company workforce has grown from 30 to more than 500 in four years, necessitating a move to Malmesbury and a quadrupling of the factory size.

That was one factor behind his house move.

Along with the house, they have inherited the estate manager and two other gardeners

Along with the house, they inherited the estate manager and two other gardeners. They have also brought their own gardener from Bath. They regard the labour-intensive landscape as a blessing. Already, they are pointing out swathes of lawn they plan to turn into flower beds. "We love gardening, but we had finished our old garden and manuring is not our cup of tea," Dyson says.

The house itself is spacious, but not formal or grand. There are more reception rooms than bedrooms, each of them very different. The dining room is long and low with painted walls and cornices, an open fireplace and three sets of French windows opening on to a courtyard. Upstairs, the main family room is a high-ceilinged, modern space dominated by its view of the lake.

It was this variety, coupled with the landscape and the quality and style of the interior which sold the house to the Dysons.



James Dyson's innovative vacuums have been a sweeping success worldwide

to the door we realised it was something completely different.

"We fell in love with the rooms and the space and the interesting features. We loved the fact that Puttnam had done things like the fittings and the doors the way we would have done them."

"When we first moved to the country we bought a farmhouse from the Duke of Beaufort and did it up ourselves. We built dry-stone walls. We did everything. I wanted to prove I could do it myself. Having done it, I certainly wouldn't choose to do it again."

At Kingsmead Mill a team of builders is already hard at work, creating a breakfast room from one of the kitchens and erecting a fountain in the courtyard. The converted coach house, which

to move to another wreck - a Georgian one just outside Bath. "It had metal windows, layers of wallpaper, asbestos in the pipes," Dyson recalls. "It was a time when the business was taking up all the money. It was a huge tightrope-walking period. It took 18 years to do it up. There was very little money to pay anyone to do anything. For us, that's a very recent thing."

At Kingsmead Mill a team of builders is already hard at work, creating a breakfast room from one of the kitchens and erecting a fountain in the courtyard. The converted coach house, which

David Puttnam used for scriptwriting, is to be a studio for Deirdre Dyson to do her painting.

As a man who loves creating new products and supporting new technology, had Dyson considered building his own home? "Never," he says. "Designing products satisfies any creative urge I have."

"I would like to live in a very modern house, but you can't get the setting. Also you have to have it all modern. You can't mix things up as you can here. I am building a modern factory using serious architects. That satisfies that need."

Landlords and tenants beware

A number of UK estate agents is advising investors from south-east Asia who want to buy property in London to be cautious.

The advice comes as latest figures from Hamptons International show south-east Asian landlords were responsible for 36 per cent of new tenancies in the capital in the third quarter of this year, compared with 24 per cent in the third quarter of 1995. The proportion of UK landlords dropped from 63 to 42 per cent over the same period.

Hamptons says that for the first time in five years the number of newly built homes coming on to the London rental market is rising - by 15 per cent in the third quarter compared with the same time last year. They stop short of warning prospective landlords of an impact on rental yields and occupancy rates.

However, Hamptons and John D Wood say that investors should beware the new breed of unqualified lettings agent which has surfaced in the strong rental market. An agent handles an average of £20,000 a year per tenancy, making it an attractive business for the unscrupulous. Both agents advise landlords and tenants to check whether their agent is a member of the Association of Residential Letting Agents, or the Royal Institution of Chartered Surveyors and to ask to see their previous year's accounts.

Much more candid advice was offered last month to Hong Kong investors by Linda Beaney of the central London agents Beaney Pearce. With the vast majority of investors buying "off-plan" - before the homes have been built - she drew up an insider's guide to the most common traps developers might lay before them.

She says ignore the developer's location map which could be misleading. It is not unusual to find a map which suggests Rotherhithe and St Paul's Cathedral are just a few minutes' walk apart. She warns buyers to treat with suspicion aggressive marketing tactics such as the allocation of registration numbers for an exhibition.

Buyers should check the detailed standard specification of the flat they are interested in to ensure the cornices and kitchen fittings they have been shown apply throughout. Similarly they should check the floor area against the quoted room dimensions to see that they tally. They should also be careful of buying on a pound per square foot basis only, in case a large floor area is divided into a small number of rooms. "Many overseas purchasers who are used to space-efficient units in their home country fall into this trap," Beaney warns.

On the financial side she advises buyers to check how the service charge has been calculated and whether it includes a sinking fund contribution for future repairs and redecoration. If it covers security, buyers should find out how many staff and cameras are involved to check it is adequate.

Buyers should check the detailed running of any leisure facilities and find out if they can be sold by the freeholder to a third party at a later date.

They should also check that if a reservation deposit is required to start the legal purchasing process, that all or most of it is refundable in the event that they decide not to proceed. With stage payments, buyers need evidence that they are linked to real work - such as the roof being completed. Otherwise they risk paying in advance for a building which is behind schedule.

Anne Spackman

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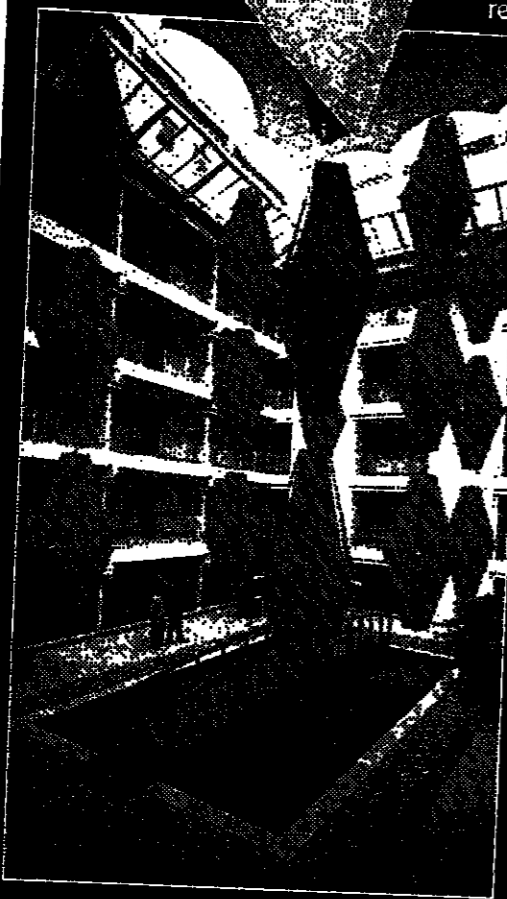
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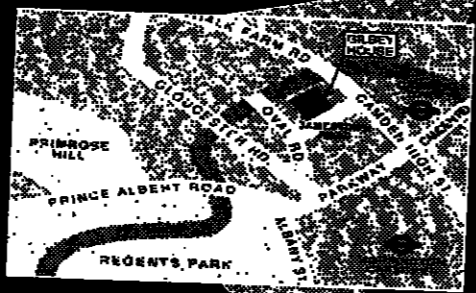
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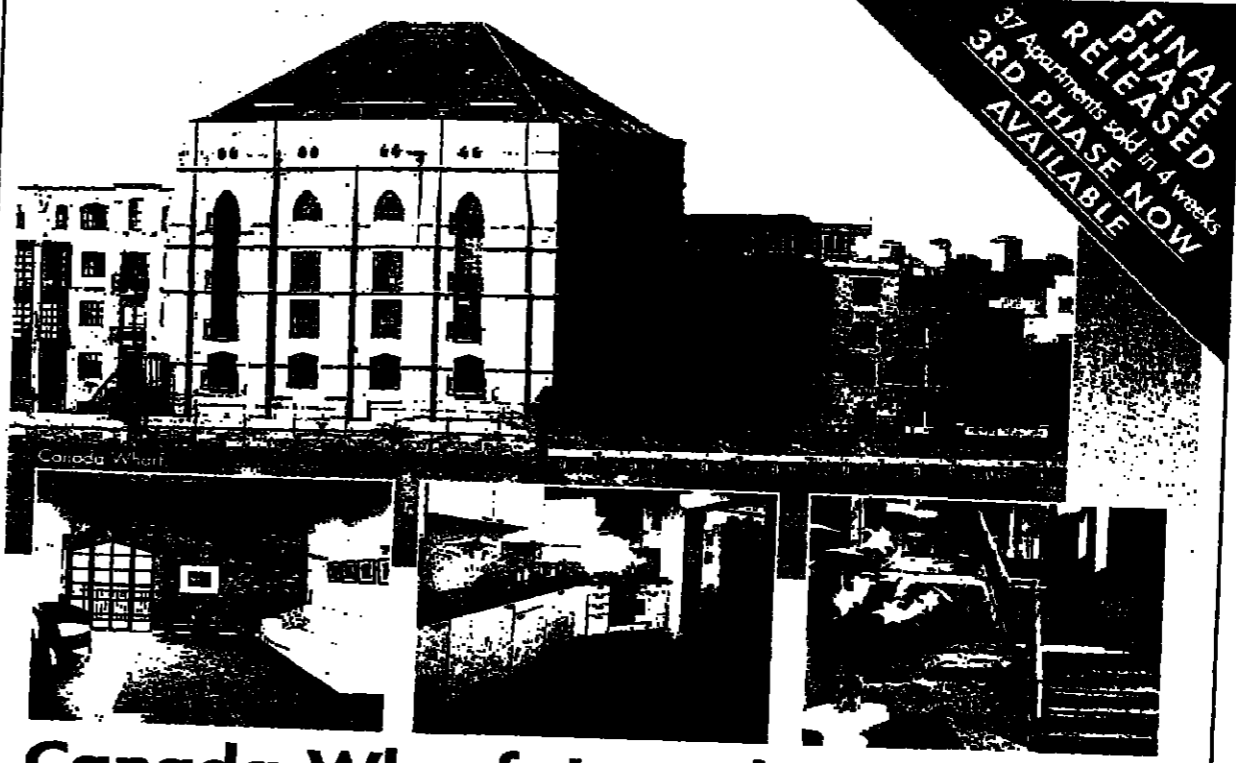


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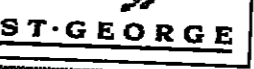
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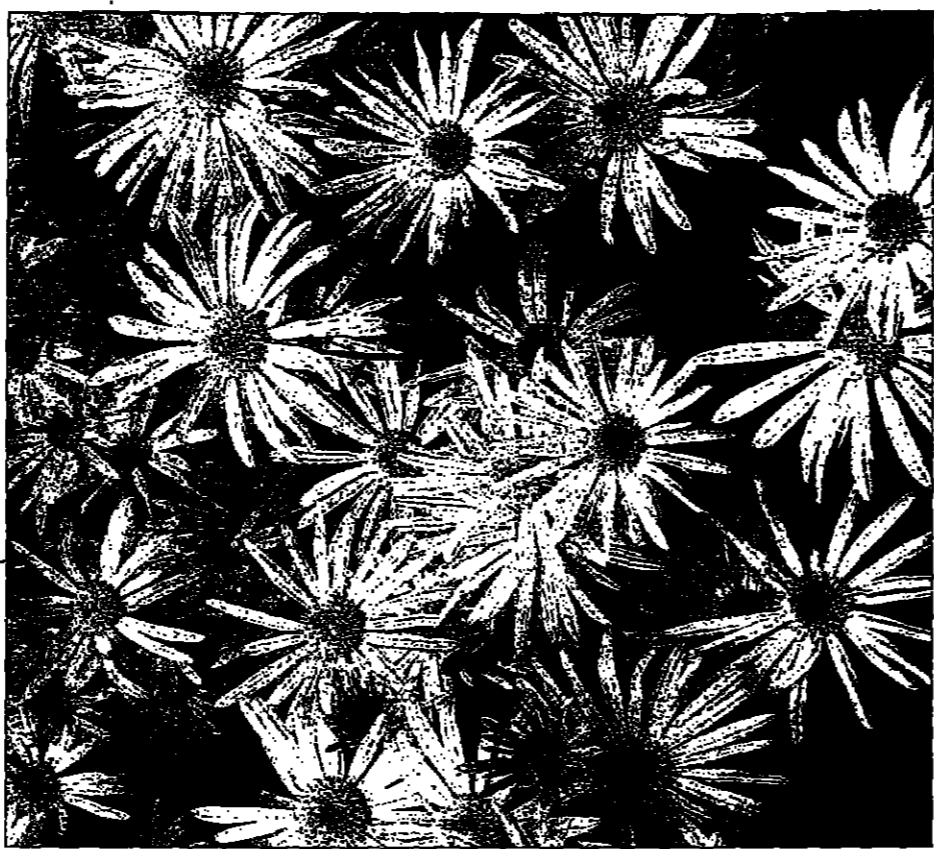
Dendranthemums are a treat in November, says Robin Lane Fox

The last flowers of the season are particularly special, even if the weather batters them. They come into their own when picked and brought indoors. Roses have an enhanced scent in the colder part of the year. The recent frost has finished off the dahlias, but there is still scope for some final bunches of colour before we all start thinking of mistletoe.

My mainstays nowadays are some particular forms of chrysanthemums. Botanists, of course, have changed the landmarks by renaming most of the family Dendranthemum so that we all feel lost in professional catalogues and the pages of *The Plantfinder*. My plants are still chrysanthemums to me. The difference is that they appear to be hardy, having survived the last four or five winters and wasted none of my time on maintenance.

In ancient China, chrysanthemums symbolised many pleasures and choices: wine, long life, the number nine and a brief period of retirement from politics without a total breach from the ruling house.

The resigning Euroceptics might consider them as their emblem, which would also please their opponents because chrysanthemums have a second meaning as the flowers of death. This funeral connection makes them unwelcome visitors to some people's houses; and in France I have heard them described as the "margarite



In September and October, we have the pale apricot flurry from Mary Stoker

des morts". There is nothing deadly about the ones I have come to enjoy - they are cheerful and robust.

The place to keep up with them is the Royal Horticultural Society show hall in London where the better types of chrysanthemum have been looming large on exhibits since early October. It has been left to the experts at Wisley to show us some marvellous examples of half-hardy varieties, trained in trailing sprays from vases and large pots. They are not difficult plants, but they do demand time and attention. I prefer the less formal, hardier varieties.

Most of the hardy varieties derive from Korea, not Japan or China. Their main enemy is wet in winter, rather than moderate frost. Korean varieties do vary in strength: I prefer to pick and choose from exhibitors of hardy plants, checking with them that their brightest varieties are sufficiently tough to grow outdoors.

The winner, on any view, is a rusty-red button-flowered variety called Dr Tom Parr. The flowers are still flat out after two sharp frosts and heavy rain. The plants are not too stiff. A few of them take up little room among the softer types of summer bedding and they then dominate November when the earlier tobacco plants and heliotrope have turned black.

Anyone can grow this immensely easy beauty, which merely needs to be picked and cut back to ground level by the end of the year. Its grey-green leaves then start to show as young shoots in spring, whereupon you can pull the plants to pieces or cut off emerging stems and stick them directly into light soil without any cover. They root quite quickly and then flower wildly the same autumn. Indoors, as a cut flower, they last for up to a fortnight and are enchanting.

I have at last sorted out their taller, late companion. Emperor of China was a favourite variety in the 1880s, but we heard little about it in my youth, until that great plantman, Graham Thomas, reminded us what we were missing. This variety is about two feet tall and liable to be knocked flat by late autumn rain. However, the leaves turn the most brilliant deep red from now onwards and are a second string to the delectable flowers. Emperor of China is a pale silvery pink whose double flowers have a particular delicacy - my cut flower of the month.

In 1987, I started to struggle with this old variety, rooted from cuttings of a new nurseryman's spindly parent. I was about to write it off as an unwanted "plant from the past", when I saw it looking particularly strong on the showstand of Rushfields of Ledbury, home of several of the best hardy forms. Plants from there have proved to be much stronger and this year, I have bunches of the Emperor looking its best in small vases on any convenient table. Anyone can smuggle a few plants of this variety into a mixed planting and be thankful for them after a season of total neglect when they surface through the dying campanulas and remind you that life does not end in November.

The colours among hardy forms are much more varied than you might at first think. Last year, I added the marmalade-orange Mandarin from Carol Klein's Glebe Cottage Nursery, Devon. It has joined the dark red Pheasant with a semi-double shape and yellow middle as an obvious brightener for late November.

My Pheasant came from Green Farm Nursery, Bentley, Hampshire, which is also on the look-out for reliable, hardy relations. In late September and October, we have the preliminary flurry of pale apricot from Mary Stoker, followed by the pink Clara Curtis which, in a sunnier and more prolific time of year, would be shocking. All these varieties multiply easily from cuttings; they take up relatively little space until they are ready to spread and dominate the late autumn horizon.

I cannot bare mounded forms which look like large powder puffs and are marketed as extremely bushy, ideal for tubs. These Bird and Mini varieties are too regular and too cramped to be fitted into a garden fading into its late autumn decline.

The art of English gardening has always been to prolong the season and continue an uplifting focus of interest through many more months than do those who look at the irises and call it a day. These hardy chrysanthemums have given me an extra fortnight and no trouble at all. I expect to see them increasingly often.

Motoring/Stuart Marshall

The car that ages gracefully

Top of the range models from high-volume manufacturers may have had their day. User-choosers are going for lavishly equipped versions of smaller cars instead.

According to Arnie Fenn, editor of the motor trade's bible, Glass's Guide, cars in the Ford Scorpio class were once status symbols as well as the only way a business motorist could enjoy the good things of motoring such as air-conditioning, automatic transmission, ABS brakes and power-operated windows, mirrors, sunroof and aerial.

Not any more, though. Many smaller cars now come with all these agreeable things as standard. Which is good news for the retail buyer, but a threat to volume manufacturers still having large or executive models in their line-up.

Fenn says: "A customer opting for a top of the range Mondeo would find it hard to see the benefit - other than kudos - of a more expensive but similarly specified Scorpio." He points to European sales of the Scorpio having almost halved in the first six months of this year.

Ford did not suffer alone. Sales of the Vauxhall/Opel Omega, Renault Safrane and the Volvo 700/900 series also fell by around 30 per cent.

The inference is that buyers have switched to the poshest versions of the Mondeo, Vectra and Laguna.

The French PSA group, however, does not seem to be unduly worried about the possibility that sales of its large executive cars, the Peugeot 606 and Citroën XM, could be undermined - because luxurious and high-performing versions of the 405 and Xantia - with three-litre, V6 engines - will be available soon.

Some confirmed diesel users may have to stay with the big cars, though. The BMW-engined Omega TD automatic estate I am now

driving has no two-pedal Vectra TD counterpart; nor are there Mondeo and Laguna turbo-diesel automatics.

Only Audi, BMW and Mercedes-Benz cater for buyers and user-choosers who want both diesel economy and two-pedal driving ease. There will, however, be a new VW Passat TD automatic before long.

Fenn notes that the only expensive cars to have increased market share substantially are Audi, BMW and Mercedes-Benz. The BMW 5-Series and Mercedes-Benz E-Class practically doubled sales in the first half of this year compared with 1995. In the medium car sector, Audi A4 sales climbed 40

per cent. I was well placed to make a comparison. The week before this three-year-old car was delivered to me, I had been driving an almost-new C-250 TD Sport powered by a five-cylinder, 150 horsepower, turbo-charged and inter-cooled diesel.

Both were automatics. The turbo-diesel accelerates much faster than a C-180, has the same maximum speed and uses less fuel - an average 34.9 mpg (6.1 l/100 km) against 30.4 mpg (9.3 l/100 km). I thought it easily the best Mercedes-Benz diesel I had ever driven: a sprinter no less than a stayer, long-legged on motorways, nimble in town and subdued at all times.

The C-180's four-cylinder petrol engine felt harder-working and, with less weight on the front wheels, the car had slightly sharper handling than the diesel. In spite of its age and 108,000 miles, it looked, felt and drove as though it were in the first bloom of youth.

Few cars age as gracefully as a Mercedes-Benz. Even at 10 or more years old, they seem to be maturing rather than deteriorating.

Driving quite an old one involves no loss of perceived personal status - many people find the thought of owning one so attractive, including me among them. As Dorothy Parker might have put it: "A Mercedes is always a Mercedes but a Ford is a Ford is a Ford."

New, they are expensive. Three years ago, the C-180 Elegance automatic was listed at £21,585; today, it would cost £23,575.

A used Mercedes is a more attractive proposition for the retail buyer, providing it has been looked after meticulously and is sold with a full service history. A Mercedes dealer would ask around £13,500 for the 108,000-mile C-180. You could pay as much, or more, for a new Escort or Rover 216 automatic.

Even aged 10 or more, Mercedes Benz mature rather than deteriorate

per cent.

Why, though, do user-choosers, with up to £25,000 to spend on a company car, pick a German premium marque without air-conditioning, automatic transmission or CD player when, for the same money, they could have a less prestigious car with absolutely everything?

Status enters the equation, of course, but it goes deeper than that. High-volume cars may now be as comfortable and quiet as the premium-priced marques. They ride and handle as well and - in the medium term, at any rate - are equally trouble-free. But will they grow old as gracefully?

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ARTS

Memorial to the millennium

Antony Thorncroft finds the Tate busy drumming up support for its Bankside project

This week the Tate Gallery held one of its breakfasts for the movers and shakers. Friends and strangers, art lovers and art sceptics, could wander freely through the current show of the Grand Tour with little on their minds but the prospect of coffee and croissants. The bill may, or may not, come later.

For the scarcely hidden agenda behind the Tate's concentrated "getting to know you" campaign is to raise money for the gallery, most obviously for the new Tate Gallery of Modern Art on London's Bankside but also for an enlarged Tate Gallery of British Art at Vauxhall, as well as for forthcoming exhibitions. At one similar breakfast last year a (rich) young couple were impressed enough by the Bankside project to become one of the founding benefactors, a select club with a minimum membership fee of £1m.

The new Tate, budgeted last year at £106m, suddenly costs £130m at 2000 prices. The lottery-funded Millennium Commis-

sion has chosen it as one of its ten landmark projects and weighed in with £50m; English Partnerships has come up with £12m to acquire the site of the old power station from Magnox, and to prepare it for the new design; and so far the Tate has raised £23m from its own efforts. The gap is £45m. Nick Serota, director of the Tate, is "pretty happy with the way things have gone. The new Tate is on time, on schedule" for its re-opening by the Queen in May 2000.

But there is some concern. Of all the landmark projects the Tate is regarded as one of the sure winners. Others, like the Earth Centre near Doncaster and the gigantic marina at Portsmouth, have yet to get their acts together to qualify for lottery money. The Tate has already received around £5m from the

Millennium Fund and work has begun on the building. Nick Serota worries. Like all the big lottery winners he thinks the government's expectation that there is enough money out there - from individuals, companies, local authorities - to match the £1.5bn so far distributed through the lottery is unreasonable.

The Tate is conscientiously fulfilling its programme. It already has six private benefactors, five of them British, who have pledged over £1m, one of them over £5m. It is seeking nine more who, if they wish, will have galleries and departments named in their honour.

On a trip to the US last month Serota pursued two good leads, one of whom seems likely to become a founding benefactor.

There is the potential for at least another £15m from rich art lovers, or from people who want to see London assume its rightful place as an international centre of modern art. The Tate is currently in serious negotiations with a group of potential backers who, in the unlikely event of them all coughing up, could deliver £23m. Trusts and donations might manage £5m. Next year the Tate will approach companies, and hopes to raise £10m from this source. Finally there will be an appeal to the public.

At the end of the day the Tate might be £10m-£15m short of its target. Already schemes are afoot to bridge the gap. The most promising is for the Tate Gallery of Modern Art to qualify for capital allowances, a tax scheme which has aided the Sadler's Wells redevelopment appeal. The

government could also ease the millennium rules - other lottery distributors, like the Arts Council and the Heritage Fund, only expect a 25 per cent contribution from their clients as against the 50 per cent for millennium projects. Or perhaps the £50m upper limit on a millennium grant could be raised. With a general election approaching, a magnanimous gesture which would guarantee that the Queen has at least one major new, or rather reconstituted, building to open in 2000 would surely be popular.

The Tate has another nine months in which to reach its target. "By next summer we need to sign contracts with the knowledge that we can pay the bills", says Serota. He has received no assurances. The current government line is that the Tate must do everything in its power to ful-

fill its side of the bargain. With a minimum of fudging it should succeed - this time last year only £2m was in the bag. But the uncertainty is unsettling. Serota cannot start planning the acquisition of works of art to give the new Tate a special shine until all the doubts are dispelled.

However, Janet de Botton has promised a collection of contemporary art, including major Warhols; the National Gallery is handing over some important works by Picasso, Cézanne and Monet; and the Heritage Lottery Fund has the resources to plug those worrying gaps in early 20th century art which so embarrass the Tate.

Of course there are many who think that the Tate's problems will really start in 2000. It will

cost £10m a year to run Bankside with no prospect of a higher grant from the government. Shops, restaurants, sponsorship, etc., will provide some income but Serota is still firmly set against admission charges, and to secure the future of Bankside, the Tate will have to launch an endowment appeal of at least £50m as soon as it has completed its building appeal.

But the future can take care of itself. The Tate has got further than other millennium projects by having an over-riding faith in its success. Already a placard outside announces "The Tate Gallery of Modern Art" and visitors are inspecting the site. The hunt is on for a curator to work on commissions and events on Bankside up to the year 2000. Outside sculpture exhibitions, artists working in the local Southwark community, light shows on the vast brick exterior of the building, will soon appear, focusing attention on one structure which seems set to remain a permanent memorial to the millennium.

The Turner Prize awaits us within a fortnight, and we are all agog to know the most outstanding artist of the year - under 50, of course. The show at Oxford, that I reviewed earlier this week, *New British Painting of the 1990s*, has not a single artist among the 15 represented who is over 40. How salutary, then, to come upon a small show centred upon two large new paintings of the highest quality and the truest originality, and each by an English artist over 50.

Each painting, in its own way, is as distinguished as any done lately in this country and, in a rational world, would have been up for all the prizes going. It is surely time to express as the dangerous heresy it is the fond belief that only the work of the young can be properly new, innovative, of-its-time.

In the case of the two octogenarians, Norman Blamey and Leonard Rosoman, it is quite clear that what they do, in objective probity and technical base, would be quite beyond the scope of any artist who has ever been up for the Turner Prize. Indeed few art-school graduates since the mid-1940s, when the old technical disciplines of drawing and observation were abandoned, could begin to approach them. There is talk nowadays of a return to something of that old regime, but with the schools now in the hands of younger generations, who is there to teach what was never learnt?

This Blamey-Rosoman show turns on a recent portrait of the one old friend by the other. Blamey's essential subject has always been his close personal and family life - portraits of his son and his late wife, paintings of the rites of the High Anglican Church. A year or so ago he painted a large portrait of his son seated before a wooden chest on which are placed some old carved heads. Rosoman's portrait of Blamey has him standing in the studio beside that very picture. Now the two canvases are shown side by side, with further paintings and drawings by each of them to fill out the Fine Art Society's small lower gallery.

It is perfectly judged, a sympathetic contrast of



Octogenarian skill: 'Norman Blamey with Stephen and Corbels' by Leonard Rosoman, RA

One old friend by another

William Packer delights in the work Norman Blamey and Leonard Rosoman

mood and manner between the two that yet, in its retrospective aspect, looking back more than 50 years, suggests a common base. Here is Blamey with his infinite, monumental precision, working an exact perspective to realise sculptural form within an almost palpable pictorial space, each mark, each surface, so closely deliberated. And yet here are some wartime drawings astonishing for their facility and clarity in the great European tradition. One, of a soldier with his two arms in plaster, given the right 18th-century Italian or Flemish signature, would be by now in the museum.

Rosoman's has always been the more lightly mannered touch, his paintings always so full of pictorial wit and fun. Yet, when we look into them, beyond the obvious dexterity and the quirky drawing, we discover a pictorial understanding and control no less exact and to the point. He may pull the space about more obviously than Blamey, even to the point of distortion, but never unknowingly, never by chance, always teasing the eye and the imagination on the edge of surprise and expectation, and of course, delight.

He was then commissioned as a war artist and was with his fellow-Australian troops at Ypres and Passchendaele throughout 1917. His drawings from the trenches and close behind the lines are the more powerful for being directly

responsive rather than satirical, and they reveal him for the consummate draughtsman he was.

But then, post-war, his career faltered and failed, and he returned to Australia. Though he came back to England in 1930, he was never again the force he was and he died in 1938, at the age of only 58, a largely forgotten and disappointed man.

What remained of Dyson's work was left to his beautiful daughter Betty, also an artist, who had for a while been married to the Baron Chantreau. It was consigned to a trunk which then sat un-

opened in a Kensington attic for nearly 50 years. This Chantreau Collection, which supplies the substance of this retrospective study, is therefore a real discovery, and the more welcome for that.

Double Vision - Norman Blamey and Leonard Rosoman: The Fine Art Society, 148 New Bond Street W1, until November 23. Will Dyson - "a sort of Bird of Freedom": Australia House, Aldwych WC2, until early December; sponsored by the Australia High Commission, University of Kent, Heritage Development Fund and Kent County Council.

Theatre

Pocket-sized Winter's Tale

You might expect that playing *Winter's Tale* with a company of six - as Riding Lights does at the Bridewell Theatre - would have its disadvantages, and of course it does. The rural festivities in Bohemia are shrunken, and the whole text much trimmed. Mopsa is gone, and young Mamilius is only a child's ball that bounces onstage and off again. Since Queen Hermione and her protector Paulina are played by the same actress, Paulina has to be rudely omitted from the "statue-waking" final scene, her lines redistributed among other characters.

Never mind: for anyone prepared to try a pocket-size *Winter's Tale*, this is the one to see. It is swift, intelligent charming, and the losses incurred through casting everybody in double or triple roles are compensated by the deftness with which they bring it off. It is pure pleasure to watch Sarah Finch, for example, switching coolly between her quivering, heartbroken Hermione and her feistily scathing Paulina (and a sweet, stupid Dorcas), and Mark Payton from his clerical Camillo - beautifully studied: the character acquires an uncommon weight of wary decency - to a happy-go-lucky Prince Florisel.

More broadly, Nigel Forde turns the scamp Autolycus into a rampant showbiz-compare, between his earlier and later stints as an acutely

searching Leontes. The contrast between his jealous body-language in the first acts, and his chastened sobriety in the last one is moving in itself, and at the end he rises to a redemptive intensity. There, though one of Riding Lights' aims is to "reawaken a strong dramatic tradition within the Christian community", the Cross was intrusive: it made no sense when a crucial premise of Shakespeare's action is that the Delphic oracle speaks infallible truth.

Alfredo Michelsen does virtuosic turns as a fetchingly urbane Polixenes, a crusty Antigonus (the one who has the horrible "Exit, pursued by a bear") and - as the younger shepherd - a pure Clown as Shakespeare prescribed. Both his ancient father and Cleomenes are judiciously played by Simon Carter. Rebecca Arch is first a general Emilia, and then a contrived Perdita who can turn on radiance enough to justify everybody's hyperbolic praise of her beauty.

Sean Cavanagh's "set" is just one large, unfordable wooden object that serves every scenic function well. The play is directed by Paul Burbridge with tact, pace, fresh jokes and many a sharp insight - though the fiction is much better than the shapeless voice-speaking. Warmly recommended, all the same: at the Bridewell, London EC4 until November 30.

David Murray

The lady and the Bard

Those two local heroes Wallace and Cromwell feature prominently in the Bristol city centre's Christmas decorations. To which may be added another, less plasticine, semi-local product. Jane Lapotaire, ex-Bristol Old Vic School and Hon Pres Bristol Old Vic Theatre Club, is escorting them on "an unabashed personal journey through 30 years of iambic pentameters". *Shakespeare as I Knew Her*, in the Studio.

The bug bit at school, it seems, when Ms Lapotaire discovered that "I could be as horrible as I liked and get away with it" in an acting milieu. There have been more spiritually profound avowals of Damascene conversion but few more honest.

The one-woman show, on a stage bare but for a throne and a dress-maker's mannequin draped with handy cloak and sword, promises the odd bit of "juicy gossip". This is, quite properly, not forthcoming. The actress gets a laugh from the audience by reminding them that "Shir" (Olivier) was no "over-endowed" intellectual; though she later quotes, with apparent approval, Olivier's opinion of her sexiness. Otherwise, the odd reference to "the much-loved John Gielgud" and the passing impersonation of Jonathan Miller capture the show's mood: half lecture (very good for schools, I would think), half chat, the whole presented with a resolutely forceful twinkle.

The main business is of course snippets from the Bard, whose words Ms Lapotaire speaks well and with obvious relish. Some excerpts are over-ambitious: the Bawd in *Pericles*, all

drama school cockney and mopping and mowing to invisible characters, suffers from a certain lack of other persuasiveness in the scene - Lapotaire is no Ruth Draper when it comes to peopling a stage. Juliet now sounds too like girlish. Varied versions of the Shrew's last speech make an interesting contrast, but can anyone convince in this awful part?

Isabella in *Measure for Measure* shows the Lapotaire technique at its most characteristic: plaintive, soft-grained voice, almost aggressively free arm movements as if daring to be called melodramatic.

When the actress laments that young actors are no longer taught the classical style, I suspect that is what she means. The trouble is it can be unmoving, if technically impressive. A certain monotony is the end result; and the ungrateful impression lingers that the classical style, if preserved according to some imaginary formula, lends itself better to Madam Tussaud's than a gallery of living characters. Ms Lapotaire tackles Katherine of Aragon imminently, I hope without the element of send-up and the Mexican tourist-accent she gave us here.

Martin Hoyte

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After 32 years of darkness, the "Prinze" is back. Munich's Prinzregententheater, one of Germany's best-loved opera houses, opened with a new production of *Tristan und Isolde*, evoking memories of the performances and personalities it inspired in the first 50 years of this century.

This is where Bruno Walter conducted the premiere of Pfitzner's *Palestrina* in 1917; where Munich's Generalmusikdirektor, Georg Solti, welcomed Richard Strauss onto the podium on his 55th birthday; where Fischer-Dieskau, Hotter and other legendary singers developed their careers. Amid Munich's postwar ruins, the "Prinze" was where music came to life.

The re-opening of the National Theater in 1983 made the Prinzregententheater redundant, and it was closed. That Bavarian theatre personalities August Everding, and an injection of around DM60m (€24m) by the state government, it has undergone a step-by-step renovation over the past decade. The Jugendstil decor, disappointingly smothered by the Nazis, has been restored to its original splendour. The orchestra pit has been uncovered, the stage properly equipped, the bombed-out reception rooms rebuilt. Judging by the opening performances, the effort has been worthwhile.

But does Munich really need another theatre? Probably not; the city already has two public-city opera houses, and the trend in Germany is to trim rather than expand cultural services.

Even so, it would have been a pity to let the "Prinze" slide into

The 'Prinze', where music came to life

In Munich one of Germany's best loved opera houses has reopened after 32 years, reports Andrew Clark

Quite apart from its historical significance, it is an architectural monument, being the only theatre modelled on the Festspielhaus at Bayreuth. With barely 1000 seats, it is smaller than Wagner's theatre and more solidly built, but its classical shape, based on a Greek amphitheatre, offers sightlines and acoustics of comparable quality.

To justify its existence, the Prinzregententheater is to host the newly-founded Bavarian Theatre Academy, an advanced school for students of drama, opera and ballet. While the wily Everding is in charge, however, few doubt that the "Prinze" will carve a prominent role in Munich's cultural life - through guest performances, recital programmes, symposia and occasional productions like *Tristan und Isolde*. The coming month alone includes a Hermann Prey Schubertade, a Strauss concert with Solti and a Peter Handke play.

The opening weekend underlined Everding's gifts as an impresario. A gala concert for Germany's great and good had just the right mixture of decorum, nostalgia and sur-

prise. Echoing the inaugural performance in 1901, it began with Wagner's *Meistersinger* overture. Julia Varady then gave a stunning rendition of "Die, teure Halle!" from *Tannhäuser* - showing no sign of the health problems that have forced her to cancel her operatic work this season. Prey, joined on stage by Inge Borkh, Astrid Varnay and other veterans of the Prinzregententheater's heyday, sang Strauss's "Habe Dank" and champagne flowed to the accompaniment of the *Fledermaus* party music.

Everding was less successful with *Tristan und Isolde*, his fifth staging of the work. The performance looked recycled and under-rehearsed, as if his mental energies had been spread too thinly in the run-up to the theatre's re-opening. Hans Schavernoch's set was dominated by two swivelling bulwarks representing the ship's rigging in Act 1, the forest in Act 2, and a beach in Act 3 - backed by a series of enormous photographic stills which only watered down the imagery.

Hildegard Behrens's *Isolde* showed little sign of age; passionate and radiantly feminine, she lived the part with her customary

intensity, and the voice - uneven but still remarkably expressive - held up well. Her Tristan was Jon Fredric West, a colourless American tenor who has the notes but does not yet know how to act. Ann Murray's Brangäne was an interesting experiment - brilliantly characterised, but too shrill to qualify as a Wagnerian.

Lorin Maazel's conducting was typically cool and clear - added by the removal of the Wagnerian pit cover (which Peter Schneider had preserved, without loss of instrumental detail, in the gala concert). Act 1 made a stupendous impression, not just because of Maazel's realisation of the music's unending flow, but because the Bavarian Radio Symphony Orchestra - playing in a theatre pit for the first time - had the music so sumptuously in its total grasp. By the love duet, however, the tension had subsided, and the last act lacked that crucial sense of abandon: it was all too controlled.

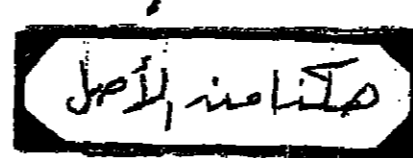
While Wagner occupies centre-stage at the Prinzregententheater, Munich's other "house god", Richard Strauss, has returned to favour

at the National Theater. *Ariadne auf Naxos* is the first new Strauss production there since Peter Jonas was appointed intendant of the Bavarian State Opera four years ago. After the Sawallisch years, it was probably time for a break, and *Ariadne* signals a change of style.

Tim Albery and his designer, Antony McDonald, set the action in modernist parentheses, applying the same playful irony to *Ariadne* that Strauss and Hofmannsthal applied to opera seria and commedia dell'arte. The Prologue looked good: the action unfolded around a semi-circular concrete wall, which metamorphosed from front-of-house gallery to backstage corridor to stage-front.

The Opera was less convincing: *Ariadne*'s desert isle was a small platform on a sea of theatre seats, and the comedians were dressed for a modern variety show. There were all sorts of intriguing cross-references along the way, but humour was in short supply.

As on stage, so in the pit good intentions did not always guarantee a convincing performance. Colin Davis's warm, romantic view of the score provided a welcome counterpoint to Albery's approach, but - not for the first time in a Davis performance in Munich - there was too much imprecise playing. Luana DeVol made a big, boomy Ariadne, Thomas Moser a subtle Bacchus, Christine Schäfer, much admired as Glyndebourne's Luin, was the coquettish but uncomic Zerbinetta. The undoubted star of the show was Susan Graham's Composer, an ideal blend of passion and poise.



ARTS

Pop culture with a social conscience

Peter Aspden talks to Bill Roedy of MTV

Two years ago, pop music's reclusive superstar George Michael made a rare live appearance in front of Berlin's Brandenburg Gate to open MTV Europe's first Music Awards ceremony. Predictably, he sang his former group Wham's hit single "Freedom" amid a frenzied, celebratory atmosphere.

But it is hard to know which was being celebrated more: the 5th anniversary of the fall of the Berlin Wall or the meteoric rise of the non-stop pop music channel which now reaches some 288 million households worldwide.

Bill Roedy, president of MTV International and an affable, laid-back man with a steely gaze, is not too bothered with the distinction. In his office, a fragment of the Wall is juxtaposed against the MTV logo, bearing the inscription "Breaking Down Barriers".

He says the souvenir is "a little tongue-in-cheek" - a cute reference which makes a parallel between the historic events of 1989 and the seemingly unstoppable global spread of the channel. But it makes a serious point too. For these are buoyant days for the channel many people hold responsible for the "dumbing" of the American (and by extension the world's) mind. An investment of "tens of millions of dollars" earlier this year has seen new channels open in Asia and South America. Seventy-seven countries in five continents now receive a version of MTV via cable or satellite.

But while an increasing part of the world's teenage population sees MTV as an indispensable guide to global coolness, critics denounce its ubiquitous presence and in-your-face style as the ultimate example of junk culture. MTV has been blamed for all the shortcomings of young people - passivity, short attention spans, lack of literacy, laziness - but its inexorable rise shows no sign of slowing.

Put the critics' point of view to Roedy and he rebuts with calm insistence. "We do not let our critics worry us. They don't know the channel very well and come out with stereotyped views. The most important thing we have is our bond with the audience."

But MTV viewers were young - very young in some cases. Did he not feel a responsibility towards such an obviously impressionable audience? What about *Beavis and Butt-head*, the channel's cartoon strip which glorifies the dull-witted antics of two lazy, stupid high school students who spend much of their time emitting a monotonous, growing laugh for no particular reason. Was this a wholesome constituent of a new global youth culture?

"No-one wants to hang his hat on *Beavis and Butt-head*, although I could defend it until the day is long. But to earn the bond with our audience, you have to have a bit of irreverence, and *Beavis and Butt-head* is the epitome of that. Once you establish the bond and your credibility, you can begin to be a little more serious."

MTV's seriousness manifests itself in campaigns which make short, sharp points in between the video clips and the remorseless patter of the VJs. They tread familiar ground: safe sex, protecting the environment, saying no to drugs and the importance of voting; a series of clips urging viewers to take the European Parliament seriously was introduced by Mikhail Gorbachev. More recently, presidential candidates from Taiwan chose their favourite videos on air.

Was this an important part of the channel's philosophy? "When I speak for the channel, I have to say that we do not take ourselves too seriously - we are just part of

the entertainment industry. But my personal philosophy is that we have a tremendous influence on young people, who are more idealistic and more scrutinising. Music elicits more of an emotional response than anything, more than politics or religion. But that together with the power of television and you have an amazing force. So we try to do some good, and try to do the right thing."

Roedy is particularly resentful of suggestions that MTV is nothing but a pop music version of McDonald's, spreading an identical - and distinctively American - diet of culture throughout the world. He says each MTV channel (three in Europe, two in South America, others in Singapore, Taiwan, Japan, India and Brazil) is charged with finding and supporting local talent as well as disseminating the familiar sounds of Anglo-American pop.

"Our objective is to find a Mariah Carey or a Madonna from an area that is not America or England. It may take a long time, but it will happen. The key is to support those artists. Then we will be fulfilling one of our main functions, to open audiences to different cultures."

It is also part of Roedy's diplomatic mission to be sensitive to those cultures. He says that much of the urban rap music which is a staple of the American channel would never be found on MTV. *Madonna*, which opened out of Taiwan last April.

"You get more of the Bryan Adams sort of stuff there. We have to reflect local audiences. A key factor of our success is not to invade cultures. MTV's round the world are very different, which is as it should be."

Another criticism of pop videos was their emphasis on sex. Was this not a problem?

"We apply our own standards - that they are not racist, sexist or violent - and then think about local sensitivities. You can be more sophisticated in Europe - Madonna's 'Justify My Love' video which was not played in America, went on in Europe after 10.00pm. It was very sexy, but not

sexist, as Madonna was in charge all the time. We thought European audiences could handle that sort of thing."

A certain amount of cultural relativism was also evident in the different campaigns being pursued in various countries. "We go to our audience and find out what is worrying them - in the US it might be drugs and gun control, but in Latin America one of the key concerns was abuse of power, so we did something on that."

On the subject of short attention spans, he points proudly to the drive to persuade viewers to "feed their heads". "We tell them it is important to read books instead of watching television all day."

Roedy's non-stop world tour to spread the MTV gospel has turned him into an inveterate souvenir-hunter, as shown by a



Bill Roedy, president of MTV International: is this man responsible for "dumbing" the world's youth?

look around his office in London's Camden Town. A graduate of West Point Academy, he concedes that some of his finds are "kind of ironic": a portrait of Ho Chi Minh from Vietnam ("my former classmates would be horrified"); a Soviet poster warning against the evils of watching too much television; and of course that piece of the Berlin Wall.

He chuckles when he mentions it. But closer questioning takes the tongue out of his cheek for a moment. "We launched MTV in all the east European countries in 1993, well before the political changes. We were in east Berlin in November, and due to meet members of the Politburo, but they could not make it because they had suddenly resigned. Forty-eight hours later, the Wall fell."

So was he saying there was a connection? Did the sudden

influx of pop videos, those seductive depictions of western lifestyle, play a role in bringing down communism?

He does not answer the question directly, but describes one of his proudest moments, "when the mayor of Leningrad, as it was then, toasted Peter the Great, meaning that Peter the Great built St Petersburg from scratch for the sole purpose of opening up Russia to Europe, and now once again MTV Europe was doing the same."

Roedy has met five heads of state during his negotiations to launch new MTV channels (as "pitching") and countless potentially obstructive politicians. Recently, he has been talking to the Chinese authorities. How did he convince them that he was not spreading the evils of sex,

drugs and rock-and-roll?

"When you travel to these countries, you don't want to change them, and you understand why they want to protect themselves. They have a certain view of America, and they don't want to see those evils in their homelands. And we respect that."

But what about the kids? weren't they fatally fascinated and ultimately attracted by those evils?

"That is the balance we have to get right, and it is a tricky business. But it is less tricky than you think. Kids are very different in various parts of the world. In Vietnam they hold hands. In Japan last year there were 38 gun murders, in the US there were something like 15,000. We don't want to interfere with that."

■ The 1996 MTV Europe Music Awards were presented in London on Thursday.

revealed the medical truth. The jackals have been squabbling for the spoils ever since, but Libera's lawyer - "now I am Libera" - he thundered after the pianist's death - is firmly in command of the estate.

Libera was a self-aware performer, carefully tailoring his act to his public, the Duchess of York comes over as a great big innocent in the *Today* interview, recorded before Sarah's current sojourn in the US, the Duchess was honest-ish, refusing to comment on accusations of adultery, claiming she wanted to be a navy wife and live in Portland with the husband she referred to throughout as "my man".

Instead she got "the firm" and a dimly-lit second-floor apartment in Buckingham Palace, "a Department of the Environment building which closes at six". The revelation that she inadvertently kicked a corgi in an unusually deep curtsy has probably divided the British public more than any other indiscretion.

She comes over as a jolly county type who would have been an ideal wife to a Hampshire tax-loss farmer, now fatally out of her depth. In a week when even Libera's Polly Toynbee referred angrily to the "scandalous" British gutter press (spot on, girlie), we know who turned private difficulties into a tragic farce.

New British and American weekend drama series tend to have a lot in common. The opening shot shows a vehicle hurtling towards the camera, the women have impressive bosoms, and the men are divided into two camps: very handsome bastards and moderately handsome nice guys. Of course in the American version the vehicle is a car which is tearing along a dockside prior to bursting through a stack of cartons and diving into the water. The women are wearing Wonderbras, and the men skintight jeans.

In the British version the vehicle is a horse-drawn carriage moving through misty countryside towards a stately home, the woman displays their busts in Empire line dresses, and the men are in skintight breeches and riding boots.

Tomorrow BBC1 shows the first one hour 50 minutes of *The Tenant of Wildfell Hall* and next Sunday ITV shows *Emma* in its two hour

Television/Christopher Dunkley Manners and melodrama

entirety. Both productions obey the rules: the carriage in the opening shot, the bastards, the bosoms, the breeches, the boots. But our broadcasting masters have seen to it that these two notable pieces of drama, such a welcome relief after the countless series on crime and hospitals that clutter up the week night schedules, clash. How fortunate that the great majority of viewers now have video recorders and can treat the broadcasters' petty spoiling operation with the contempt it deserves.

For while the close similarity in appearance can give the impression that these are very similar pieces of work, what with the rural settings, poke bonnets, and candlelight which they share. Yet if you watch the first two thirds of *Tenant* this week and then begin with *Emma* at 8.00 pm next week, switching on the VCR at 9.00 to catch the last part of *Tenant*, you do not have to see much of the TV version before you remember the great differences between the books from which the series are taken. *Tenant* is a typical Brontë melodrama set in the wilds of the Yorkshire moors in which narrative drive is paramount, whereas *Emma* is a subtle comedy of manners.

There is nothing wrong with *Tenant*, which has been adapted by David Nokes and Janet Barron, produced by Susan Harrison and directed by Mike Barker. Indeed it matches up well to the standards we, and the rest of the world, have come to expect from the BBC in this sort of thing.

Of the two series, many will prefer it for its powerful plot, including the central mystery (what is the heroine's Awful Secret and who is the Dark Visitor? Is he very handsome or only moderately so?) and for the contemporary relevance of the story: single mother raising only child, offspring of violent man whose abuse of his son may have stopped short of the sexual but was still very nasty.

However, anyone with time for only one of these productions should surely opt for *Emma*, its superiority

confirms that we already knew: that while Anne Brontë could write a good page-turner (not as good as her sisters' *Wuthering Heights* or *Jane Eyre*, perhaps, but on a level with Wilkie Collins, or Dickens on a bad day) Jane Austen is one of the all time greats: witty, shrewd and funny, with an ability to investigate the weak side of even her own best characters unexcelled by any other novelist. What is so astonishing and gratifying is that today, nearly two centuries after the books were published, producer Sue Birtwistle and adaptor Andrew Davies are proving that the quality still shines through even when you convert the work into a medium which was not invented until 120 years after Austen's death.

Birtwistle and Davies Beckinsale and Judy Lee for nothing. Austen had the advantage that each reader creates his own image of a character, whereas television viewers have to accept the living version before them. Beckinsale combines the manipulative and ingenious aspects of the character so brilliantly that you fully accept her, contradictions and all.

She is backed up by a magnificent cast. Even when the part is so small as to necessitate caricature, as with Bernard Hepton's pathetic and conservative Mr Woodhouse, it works. Mark Strong does not have the opportunities presented to Colin Firth as Darcy in *Pride and Prejudice* yet he achieves a more believable hero, and Lucy Robinson outshines more eminent names with a splendidly stuck-up Miss Elton. Perhaps British television will never lose the flair or the money needed to create adaptations as good as this but, just in case, it might be as well to make a date to watch this one.

Radio/Martin Hoyle Cheerful vulgarity

Last week the philosophically-inclined amongst us were reminded of how golden lads and girls all come to dust, of how the public's darling can become the reviled butt of mockery. Two figures, financially prodigal and turning cheerful vulgarity into an art form, visited Radio 4. *Radio Lives* recalled the diamond-studded prestidigitator Libera, and in *Today* Sue MacGregor interviewed the Duchess of York.

Radio Lives has a little get-out clause that takes in "radio, TV and beyond", which rather defeats the purpose of the series. Certainly Libera is an odd choice: his appeal was primarily visual. "The best-dressed man in show business" (the description was American) caused his furrier, who clad Fredericka of Greece and Jackie Onassis, to make depredations on the world's wild-life: fox, lynx, mink, sable, even monkey.

Lee - Libera - admitted that he felt obliged to surpass his previous appearance at every show; black tails gave way to white, brilliant to diamonds. His costume described a chauffeur's uniform (whether for Lee or his chauffeur was, perhaps discreetly, not specified) as a patchwork of 30 shades of blue, each with a different sort of jewel. The costume reserved disapproval only for the 1970s trend - shared.

Antiques trade winter olympics

best at - quality genuine antiques, with plenty of brown furniture but also paintings, silver, ceramics, clocks and oddities. Prices range from £50 to a £175,000 Cartier necklace.

During the recession it has been useful antiques that have held up best: now decorative items are attracting interest. Among the more idiosyncratic stands are Katie Jones with decorative oriental root wood objects;

Sanda Lipton with a collection of coronation medals and Baldwin with agricultural prize medals; arts and crafts furniture at David Pickup; early flower prints

Antiques trade winter olympics

at Trowbridge Gallery and early English pottery at Jonathan Horne; samplers at Witney Antiques, and so on. The greatest appeal of Olympia is that the fair looks good - it provides an intriguing experience even for the financially straitened.

Antony Thorncroft

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BOOKS

A reputation subject to inflation

The Nobel prize-winning poet Joseph Brodsky excelled only in mediocrity, argues Craig Raine

Joseph Brodsky died in January this year. The esteem in which he was held was immediately apparent. Seamus Heaney and Paul Muldoon published affecting poems in *The Times Literary Supplement* - a journal whose deputy editor, Alan Jenkins, has consistently promoted Brodsky's work. David Rimmick wrote a lengthy eulogy in the *New Yorker* and a recent number of that magazine carries elegies by Anthony Hecht, Mark Strand, Carol Rumens and Glyn Maxwell. In person, Brodsky displayed a brusque charm and a winning impatience, a winking angularity to which these obituarists paid proper tribute. He was earthy, fond of dirty jokes, warm and often heated. He could also be strangely nervous - the obverse of his more characteristic dogmatic panache which rode on the tidal swell of his reputation. This nervousness may have been connected with the well-nigh inaudible but consistent under-current of scepticism that accompanied the noisier acclaim.

Brodsky had a shrewd eye for possible patrons, as any exile must. He arrived in the west with Anna Akhmatova's imprimatur, delivered to Isakhab Berlin and Stephen Spender when she received her honorary degree in Oxford. Asked who were the interesting younger poets, she named Brodsky - as presumably just that, *interesting*. A modest accolade.

There may be a parallel between Akhmatova and Auden. Brodsky's tributes to Auden are consistently fulsome - "the greatest mind of the 20th century" - and colour Auden's rather guarded endorsement of Brodsky's talent in his foreword to Brodsky's first book of translations. Because he has no Russian and is therefore forced to rely on translations, Auden's considered full-back position is this: "I can do little more than guess." Nevertheless, he is prepared to guess generously: "after reading Professor Kline's translations, I have no hesitation in declaring that, in Russian, Joseph Brodsky must be a poet of the first order." In Russian. Generous, then, but a guess. Brodsky's declarations of unstinted gratitude to Auden and Akhmatova have blotted out the spectre of reservation haunting both testimonials.

And there have been detractors. As early as 1980, Robert Hass, the American critic, reluctantly lamented the botched English of the poems in *A Part of Speech*. His review appeared under the title "Lost in Translation". It assumed that the

SO FORTH: POEMS
by Joseph Brodsky
Hamish Hamilton £16,
131 pages

ON GRIEF AND REASON: ESSAYS
by Joseph Brodsky
Hamish Hamilton £20,
484 pages

Russian originals were touched with genius - a verdict which is without weight because Hass does not read Russian. Neither do I. Surely, in that case, the only correct position is that outlined by Wittgenstein? - "whereof we cannot speak thereof we must be silent." In September 1988, I delivered a lecture in which I marvelled at the incomprehension of Brodsky's poems in English. In December of the same year, Christopher Reid wrote a devastating indictment of *To Urania: Selected Poems 1963-1985* in the *London Review of Books*. On the occasion of Brodsky's Nobel Prize, Seamus Heaney, in an otherwise enthusiastic piece for the *New York Times*, entered the caveat that, in

You are left with Brodsky's garrulous lack of clarity and his prodigal padding

English, Brodsky's poetry could seem "awkward and skewed". More recently, Gerry Smith, the Professor of Russian at Oxford, expressed reservations in the *Harriman Review*.

For this, Brodsky is to blame. By 1980, he was recklessly re-working the translations of Anglophone poets like Anthony Hecht and Richard Wilbur - to bring them "closer to the original, though perhaps at the expense of smoothness". And he was already confident or rash enough to translate himself unassisted and to write in English directly. *So Forth* has only eight assisted translations, none of which are quoted in this review - in the remaining 56 poems, Brodsky is on his own.

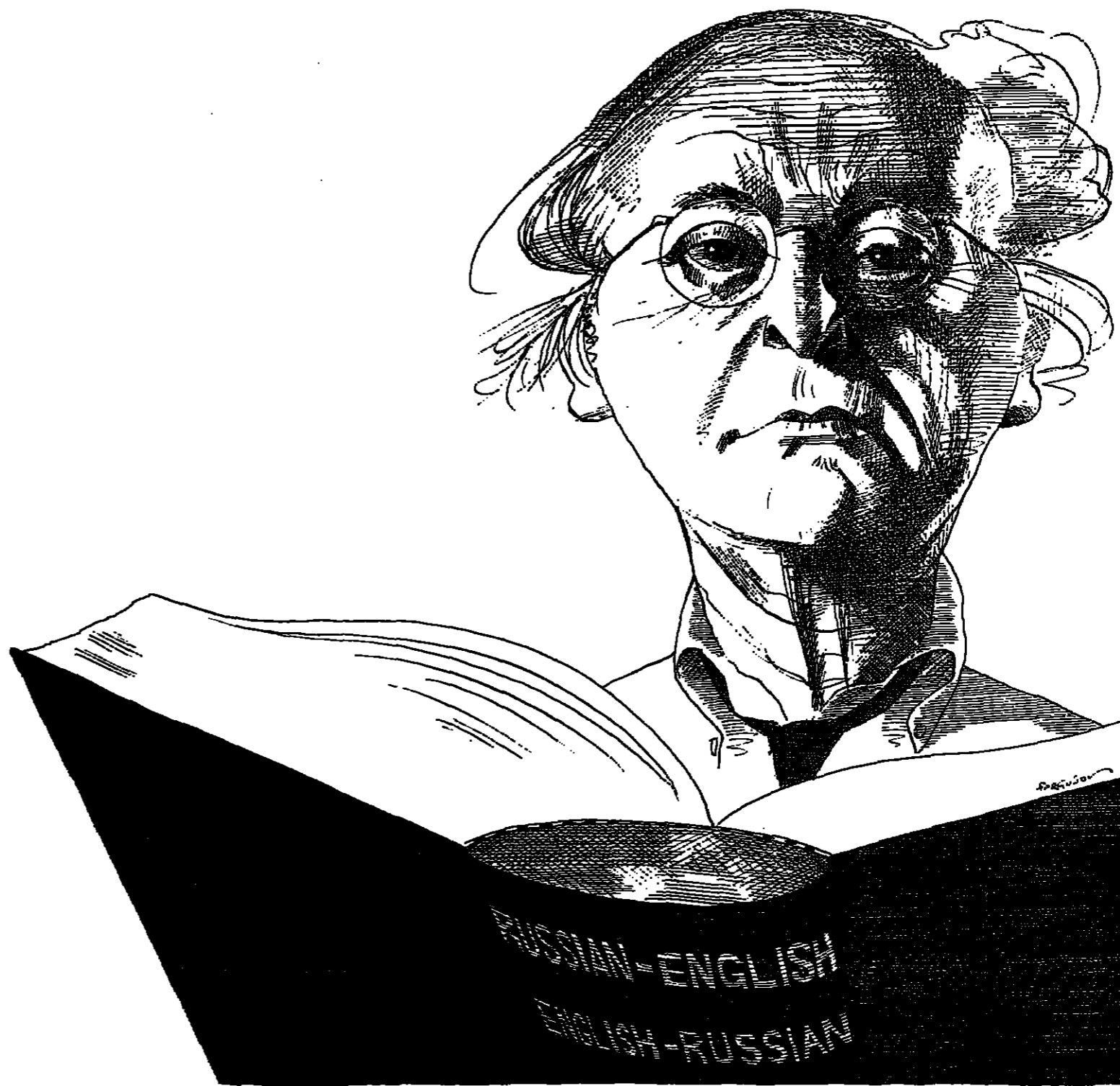
His death was the result of a chronic heart condition which was exacerbated by a suicidal smoking habit. He underwent heart surgery on several occasions - surgery evoked in this cryptic, perplexing, barely decipherable line of Brodsky's English: "thrice let knives rake my nitty-gritty." No wonder Christopher Reid confined

himself to the comment that this was a "sentence of baffling obscurity". The opaque periphrasis is partly forced on Brodsky by the need for a rhyme for "city" two lines ahead. However, this last, posthumous volume, *So Forth*, and the lumbering, hobbled prose of *On Grief and Reason*, demonstrate that, far from being the equal or rival of Nabokov, Brodsky was unable to achieve more than a basic competence in his adopted language.

Brodsky lauds poetry's instinct for economy in an automatic way but his own poetry is the opposite of lapidary. On the one hand, it is Brodsky's proud bawdy boast that poetry makes one intolerant of "any sort of verbosity" that "being the supreme form of human locution, poetry is the most concise, the most condensed way of conveying human experience." (Not that it is exactly laconic to follow "concise" with "condensed".) Now consider the opening of the title poem, which Professor Smith judges a successful act of self-translation: "... On the whole, the world changes so fast, as if / indeed at a certain point it began to mainline, / some muck obtained from a swartly alien."

The theme of the poem is *tempus fugit* and here Brodsky is comparing the rapid passage of time with a drug-rush. Crack the metaphor, though, and you are left with Brodsky's garrulous lack of clarity and his prodigal padding. There is the fatally misjudged elaboration and introduction of the drug-pusher, the "swartly alien". But worse are the poetic redundancies, words which are empty noise: "as if indeed at a certain point" and "on the whole".

On the whole. To say the least. These two phrases, incessantly deployed in Brodsky's poetry and prose, represent nothing except dead air. They are meant to function as colloquialisms that demonstrate ease and familiarity - but in fact demonstrate exactly the opposite by their over-use. They demonstrate not linguistic mastery, but foreign ineptitude, to say the least. In *So Forth*, Brodsky uses the phrase "on the whole" four times in four different poems. In its way, this is just as damning as Brodsky's straightforward mistakes - as when he uses "solidity" for solidarity ("evil is a sucker for solidity"), or when he writes "puff your nose" for powder your nose, or when a woman's face becomes a "maiden's visage". Equally archaic is Brodsky's fearless inversion: "even metal knows not its fate." Finally, in the list of irritating mannerisms per-



haps one should mention "not to mention": "Not to mention a gallery, not to mention a nail"; "not to mention warmth"; "not to mention one's features", all from different poems. It isn't as if Brodsky is unaware of the dangers: "every experienced poet knows how risky it is to use the same word several times within a short space", he writes. But then he writes: "Painted by a gentle dawn / one is proud that like one's own / planet now one will not wince / at what one is facing, since / putting up with nothing..." It isn't simply the repetition. It is also those two present participles in ugly proximity ("putting" and "nothing") and, worst of all, the way in which the rhyme scheme is out of synch with the line breaks. But Brodsky is the boss of the bad line break: "there. Or standing there, as furniture in the corner". Everything here is ugly - the repetition of there, the ugly assonance of "furniture" and "corner". Then there are strained rhymes for which Brodsky is always prepared to sacrifice the integrity of the line: "Manhattan" and "mean, I hate him".

As a thinker, Brodsky is fatuous and banal. We should choose our leaders according to what they read. Tarzan movies from America probably "did more for de-

Stalinization than all Krushchev's speeches at the Twentieth Party Congress and after." (Many of Brodsky's *obiter dicta* are designed to flatter his host country with the myth of America's cultural invincibility.) Now address this mature banality: "For each of us is issued but one life, and we know full well how it all ends." Pretty idiomatic, to say the least, eh?

As a critic, Brodsky is barely competent and he favours detailed excesses of particular poems. Here he conducts sustained and methodical acts of vandalism on Hardy's "The Darkling Thru" and "The Convergence of the Twaun" as well as Frost's "Home Burial". Brodsky is keen on scansion but not consistently accurate. Hardy's two lines "In a full-hearted evensong / Of joy unlimited" are straightforward iambs with an inverted (and allowable) first metrical foot. There is no sign of the "dactylic undercutting" detected by Brodsky in "evensong" and "unlimited". The arbitrariness here is mirrored elsewhere by Brodsky's sightings of caesurae wherever he feels like it.

Brodsky's limitations can be reduced to two. As a thinker, he is fuddled. "What's unique about [Hardy] is his extraordinary appetite for the infinite... and the infinite is

poetry's standard turf." In other words, what is unique, then, is what Hardy has in common with everyone else. Sometimes the nonsense isn't logically contradictory but just indefensibly dotted: "a conflict within an enclosure - a house, say - normally deteriorates into tragedy, because the regularity of the place itself puts a higher premium on reason, offering emotion

Matched unequally with the language, Brodsky spends his time flat on the canvas

poetry's standard turf." In other words, what is unique, then, is what Hardy has in common with everyone else. Sometimes the nonsense isn't logically contradictory but just indefensibly dotted: "a conflict within an enclosure - a house, say - normally deteriorates into tragedy, because the regularity of the place itself puts a higher premium on reason, offering emotion

tially the same". This is consistent with his cavalier "close" readings: "you almost see here not so much a thrush as a robin (or a budgerigar)": "if you want, you may replace 'lament' with 'repent': the effect will be practically the same".

If things are as bad as this - and they are - how did Brodsky acquire his inexplicable charisma? Apart from shrewd career management, not in itself culpable, the central reason is Brodsky's stylistic signature, the characteristic mixture of offhand "colloquialisms" and baroque over-statement masquerading as authentic eloquence - slang, then, and what Sir Walter Scott called "the big Bow-wow". On his birthday, May 24, 1980, Brodsky ended a poem of grim retrospect, a catalogue of his trials and torments, with these affirmatory lines: "What should I say about life? That it's long and abhors transparency. / Broken eggs make me grieve; the omelette, though, makes me vomit. / Yet until brown clay has been crammed down my larynx, / only gratitude will be gushing from it."

Characteristically inept and uplifting. Inept in its allusion to the cliché that you can't make an omelette without breaking eggs. Uplifting in its gratitude for existence however painful.

The grammatical mistake (it should be "only gratitude will gush from it") is of no importance to that large class of sentimental readers for whom poetry is essentially a matter of bogus poetic attitudinizing - rather than subtle verbal music and hard thought. For them, the self-heroising is sufficient. And it is no use pointing out that burial after death seldom involves the undertaker in the task of crumpling clay (of whatever complexion) down the throat of the deceased. The melodrama is entirely of Brodsky's making.

Granted his ill-health, it isn't perhaps surprising that some of those poems should glance nervously at his posthumous reputation: "But soon, I'm told, I'll lose my epaulettes altogether / And dwindle into a little star." Odd, you might think, for a Nobel laureate to indulge these neurotic worries. For me, they summon up irresistibly Dickens's fraudulent financier, Mr Merdle - whose tic is to take his own wrists into custody, an act that discloses his deepest fears. Not that Brodsky was a boldly cynical characterian. He was a nervous, world-class mediocrity - bluffing but aware of his uncertain feel for the English language on which his international reputation was so precariously founded.

Hidden steps in the choreography

Alastair Macaulay hails a riveting, revelatory biography of Frederick Ashton

Frederick Ashton (1904-88), one of the foremost British artists of this century and one of the world's few great choreographers, has been both unfortunate and fortunate in what has been written about him and his work. Unfortunately, because, although he received many warm reviews, few of them were insightful. Fortunately, because two books of lasting importance have been devoted to him. The first was David Vaughan's 1977 study of his ballets, *Frederick Ashton and his Ballets*, the finest study of any choreographer's work yet published. The second is Julie Kavanagh's new biography, *Secret Muses - the Life of Frederick Ashton*, which is the finest biography yet written of any choreographer. Riveting, it is both uncomprehendingly honest and intelligently affectionate.

The biography, on which Kavanagh commenced work in 1986, brings many revelations. Neither Ashton's friends nor his scholars could read it without being often taken by surprise. Ashton himself told Kavanagh much on the understating that she would tell nothing until he died; she has subsequently discovered much more.

We know now, through these pages, much that was left completely unspoken in the dance world in Ashton's lifetime. Here

are the major homosexual loves (some of them unfulfilled), and the few heterosexual affairs (one of them long-lasting and complex), that filled a great deal of Ashton's life. Breathtaking are the letters, quoted at length, to the younger American dancer Dick Beard; not just because of their self-pitying openness ("I am diffident, stunted, middle aged and unattractive and you are all beauty - radiant, upstanding and aloof"), but because the Ashton-Beard affair lasted (1946-49) while Ashton was entering into the most bold and crucial phase of his career, the phase in which he choreographed to Ravel, Richard Strauss, Stravinsky, Prokofiev, and in which he made his most audacious extensions of dance classicism.

More startling yet is the news the biography brings about Ashton's collaboration (or non-collaboration) with Ninetta de Valois. Traditionally, theirs was a harmonious partnership: she the administrator and teacher, he the stylist and artist, who together shaped British ballet and its greatest dancers (from Margot Fonteyn and Michael Somes to Antonette

Sibley and Anthony Dowell). In 1984, Ashton confided to me that he and de Valois were "cat and dog the whole time"; the biography records more details of the tensions between them. Many of these were due to Ashton's prickly, defensive nature. But we learn, too, that de Valois - long renowned for guiding her company through the war - actually abandoned it early in 1938, only returning when she saw it was carrying on successfully. And when, in the 1960s, Ashton succeeded de Valois as artistic director and proved a great success, we learn too how de Valois machinated to effect his official resignation and his replacement by Kenneth MacMillan.

Kavanagh writes in loving but discriminating detail of the ballets, and here too her research pays off. Ashton's most internationally popular ballet is *La Fille mal gardée* (1960), and he always



Frederick Ashton: a source of elegant scintillation

incorporated almost all of them into the ballet. No blame to him for that - in 1980, he told me how she praised him for being "a link in the chain", and it is his artistry, not his research, that makes *La Fille* detecta-

ble - but it is typical of the secrecy of the man that he hid the extent of his debt. I should declare an interest in this book: I am mentioned in Kavanagh's acknowledgements - but only because when I had received a proof copy for review, I advised her of certain inaccuracies that she has since corrected.

Kavanagh's book, fluently and intelligently written, is not perfect. True, he had "secret muses", but there should be more analysis of his collaboration with such "public muses" as Fonteyn. More on the wonderful dance style that he and de Valois, somehow, did forge together would also be welcome. Likewise, though there is plenty of news about his part-respectful party-tetchy friendship with his great Russo-American contemporary George Balanchine, there is too little comparison of the two - who, between them, did most to revitalise dance classicism in the middle of this century. And Kavanagh so keenly links the life to the art that she misses the areas of Ashton's mind that were only locked into his dance work: into steps, into line, into

musicality, into extending dance classicism. His ballets show, far more than *Secret Muses* does, how much he was - to use words Mark Morris has applied to himself - "a real structure queen".

But the best feature of *Secret Muses* is its abundance of detail. There are many details here that should keep future Ashton criticism busy for years - always assuming the Royal Ballet does not kill Ashton choreography first. In particular, I love its wealth of textual detail (although, by the end of the 1930s, I had had at least two too many paragraphs of namedropping about afternoons that

You laugh at Ashton's washup and impish wit, you gasp at his (notorious) meanness, you relax at Ashton's lack of guile, his sexual manipulation of those whom he pursued or was pursued by, and you see with new eyes the many-layered seriousness with which he devoted himself to making ballets. While Ashton was alive, his ballets frequently introduced us to an enchanting source of vitality, full of *douceurs* and lyricism and human self-contradictions and elegant scintillation. It is marvellous, in reading *Secret Muses*, to encounter that source again.

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Julie Kavanagh

BOOKS

Battle with the picture plane

This author has caught the measure of Picasso's Cubist years brilliantly, writes Lynn MacRitchie

John Richardson, biographer of Picasso, keeps stellar company: he has numbered among his friends Braque, Leger and Cézanne and a list of distinguished names spanning the world of art connoisseurship, scholarship and collecting. It was his friendship with the English art collector Douglas Cooper, pre-eminent authority on Cubism, with whom he went to live in France in 1953, which led to his making the acquaintance of Picasso.

Between 1906 and about 1912, Picasso, together with his friend Georges Braque, watched over from a wary distance by Matisse, took up where Cézanne had left off to make "what doesn't exist, what has never been made before." That something was Cubism, now sometimes mockingly described as a dead end in painting, but credited by Richardson as the wellspring of the modernist movement in art, the creation of the "espace nouveau," simultaneously representational and anti-naturalistic, the revolutionary break with the perspectival organisation of the picture plane which had dominated the visual

arts since the Renaissance. Richardson transforms this cerebral stuff into a gripping tale. He marshals his prodigious store of information to recreate the very essence of Picasso's day-to-day life, not with a prurient or prying eye but with a very clear one.

A LIFE OF PICASSO, VOLUME 2: 1907-1917. THE PAINTER OF MODERN LIFE
by John Richardson
Jonathan Cape £30, 500 pages

He sees behind the closed door of the studio at the Bateau Lavoir (evocatively captured in the book in a small photograph by Dora Maar), past the dirt and disorder, the neglected mistresses and slighted friends, to the artist, drawing for days in isolation, painting with all his ferocious energy.

"A painting should have balls," Picasso liked to declare; and when he worked, nothing else mattered. Richardson understands that Picasso, for all his genius, was a man who reduced life to its essentials: a place to work, enough money for food, some crochets for relaxation, a woman for sex. This never changed: no matter how rich he became, Picasso always lived "like a pauper... but with lots of money," as he said himself.

After 1906, Picasso never had to worry about money again. His work was bought by collectors such as Gertrude and Leo Stein, his first supporters, and dealers such as Daniel-Henri Kahnweiler, who, until the outbreak of

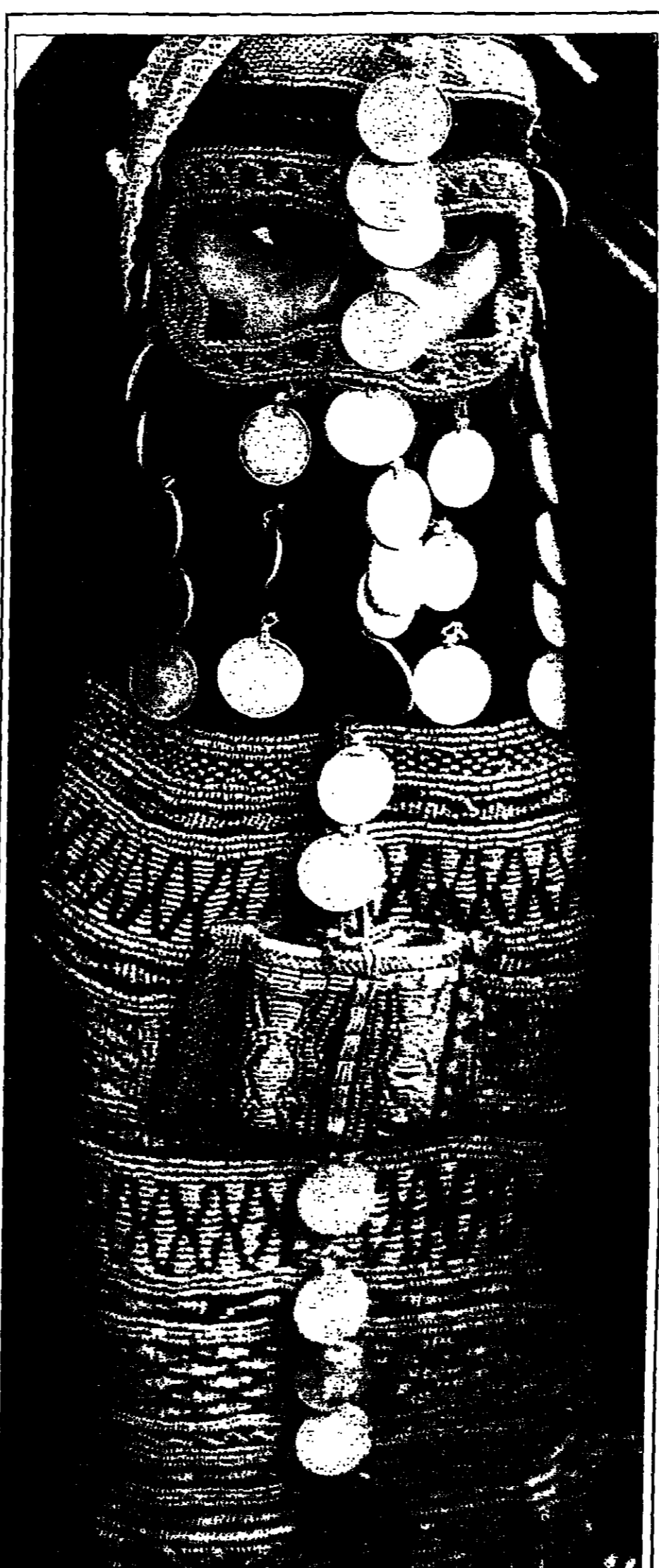
the first world war destroyed his business, had been building up a stable of Cubist artists. Richardson paints a vivid picture of the comings and goings from studio to salon, café to gallery, the rivalries with Juan Gris, Fernand Leger, Diego Rivera, Picasso, ahead of them all, was "every inch a chief," as Gertrude Stein described him, watchful of his position, determined to have his due.

He got it: the achievement of Cubism gave him a place at the forefront of contemporary art which he was never to relinquish. He relinquished Cubism, however. "Down with style!" he once said. "Does God have a style?" Having brought it through experiments with collage and *papiers collés*, to its apogee in the great "Seated Man" painted between 1915 and 1916, Picasso, says Richardson in a rare purple passage, "melted into the cosmic darkness of paint, taking Cubism with him."

The book ends in 1917, the war continuing, Picasso, travelling to Rome with Diaghilev, having turned Cubism to decorative effect in his costumes for the ballet *Parade*, and about to meet his wife, the dancer Olga Khokhlova, whose arrival would coincide with a return to classicism which shocked his Cubist camp followers. While it would inform his work for the rest of his life, for its founder the great Cubist experiment was over.

Richardson's book is a delight. He has the courage to enjoy Picasso the man as much as he appreciates Picasso the artist, amused in his company, respectful of his mercurial intelligence, taking the trouble to understand the *machismo* culture of 19th century Andalusia into which Picasso was born and which produced the difficult and willful man some have seen merely as a monster. Richardson has no truck with them, blazing at those "self promoting moralists who choose to judge the great artist, born into another age and another culture, by the light of today's cant."

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A traditional Arab headdress from the Asir region of Saudi Arabia, taken from "Impressions of Arabia: Architecture and Frescoes of the Asir Region" by Thierry Mauger (Flammarion £26, 119 pages). In many parts of the region, traditional costume has given way to modern dress, but the headdress remains a powerful focus for self-expression.

Bowled over by the big boys

Wrestling has a surprising collection of fans, discovers Iain Finlayson

For several years, my mother and my sister - both respectable middle-class Scotswomen - would sit in front of the television every Saturday afternoon and go quietly and genteely off their heads. My mother would utter little cries of shock and horror while my sister encouraged grown men to knock seven bells out of one another. They knew all the moves, all the holds, and dirty tricks never failed to outrage them.

They were watching the wrestling; and they were not the only ones. Richard Crossman, visiting Buckingham Palace on Privy Council business, wrote in his diary for July 12 1968, "The Queen was in tremendous form... she began to describe to me a television programme she had seen yesterday of a wrestling match, at which Philip had been present. An all-in wrestler had been thrown out over the ropes, landed on his feet, and after writhing in agony had suddenly shot back into the ring, seized his opponent and forced him to resign. She said what tremendous fun that kind of all-in wrestling was... It was interesting to hear what a vivid description she gave of the whole scene, writhing herself, twisting and turning, completely relaxed. It was quite an eye-opener to see how she enjoyed it."

The royal enthusiasm was evidently infectious: Princess Margaret was later interested to meet Big Daddy (aka Shirley Crabtree) and said, "My sister watches you on television. When you walked on that stage earlier it was like magic." Margaret Thatcher once asked Big Daddy to send six signed photographs of himself to Downing Street. She generously reciprocated with an admiring letter of thanks and a "beautiful portrait of herself: To my good friend Big Daddy, Margaret Thatcher".

the nobles, the wrestling (it was never known as just "wrestling") was always a raucous, low-rent and pantomimic. Frank Sinatra once told Giant Haystacks that "British wrestlers are the best entertainers in the whole world" and in the end it turned into just that - showbiz, showmanship, tidied up for television.

The puzzle was always the wrestling match, at which Philip had been present. An all-in wrestler had been thrown out over the ropes, landed on his feet, and after writhing in agony had suddenly shot back into the ring, seized his opponent and forced him to resign. She said what tremendous fun that kind of all-in wrestling was... It was interesting to hear what a vivid description she gave of the whole scene, writhing herself, twisting and turning, completely relaxed. It was quite an eye-opener to see how she enjoyed it."

Garfield's book could be described as an oral history of British wrestling; his idea was to interview elderly, broken-down wrestlers struggling to maintain their dignity; optimistic promoters still plugging their glory days; television commentators who have moved on, never having cared much about wrestling in the first place; and artists such as Peter Blake who genuinely took inspiration from wrestling and found something worthwhile to record; another form of pinning these big guys to the canvas.

THE WRESTLING
by Simon Garfield
Faber & Faber £9.99, 180 pages

Garfield's book could be described as an oral history of British wrestling; his idea was to interview elderly, broken-down wrestlers struggling to maintain their dignity; optimistic promoters still plugging their glory days; television commentators who have moved on, never having cared much about wrestling in the first place; and artists such as Peter Blake who genuinely took inspiration from wrestling and found something worthwhile to record; another form of pinning these big guys to the canvas. *The Wrestling*, as colourful in words as Blake has been in paint, is as close as anyone will get to the authentic voice of British wrestling.

For the first half of the 20th century John Dewey was America's principal sage. His views were an inspiration for liberals, reformers, democrats and educators; he offered them a secular vision - in some ways a precise one - of how the modern world can be a comfortable place if built upon a liberal democratic compromise which accepts pluralism and its not infrequent contradictions, and infuses everyday life with the values of a secular spirituality. Dewey believed that individuals flourish best in a community setting; for this reason, among other reasons, his star is rising again, as contemporary social theorists rediscover his ideas.

Conscience of the American people

John Dewey's views of a secular spirituality are coming back in fashion, argues A.C. Grayling

Some years ago gave us an outstanding intellectual biography of Bertrand Russell as political thinker and activist. Here he provides an account of Dewey on similar lines, connecting Dewey's thought to its sources in Christian Congregationalism and 19th-century Idealist philosophy, and showing how he developed beyond them to produce theories of education, society and politics which came to be internationally influential.

Other significant philosophers also invested hopes in schooling, at least for a time; for example Bertrand Russell, Karl Popper and Ludwig Wittgenstein. But they

JOHN DEWEY AND THE HIGH TIDE OF AMERICAN LIBERALISM
by Alan Ryan
Norton £19.95, 414 pages

adopted these hopes only after the horrors of the 1914-18 war, as did many other intellectuals hoping to avert future disaster. Dewey long anticipated them; he began formulating his educational views at Chicago Uni-

versity in the 1890s. Education must begin, Dewey says, with psychological understanding of children's capacities, interests and habits, which must then be shaped into what can serve that organic union of individuals we call society.

This is not a "child-centered" theory in the controversial later sense of this term, for Dewey did not believe that teachers must leave children to teach themselves, or without discipline. Rather, it is based on a belief that schooling is an engine of social progress, whose ends it must therefore serve. In his political and ethical views - as elsewhere in his philosophy, which he

this makes the question essentially one of how to educate our tastes. To cultivate intelligent tastes is to cultivate excellence of character, which involves forming ourselves for personal and social conduct according to reflective standards.

Who now remembers Violet Gordon Woodhouse? Readers of Osbert Sitwell's *Left Hand, Right Hand* will have met her, and she is dedicated to her by his brother Sacheverell; her musical gifts earned their devotion.

A musical monster of selfishness

contemporary, Wanda Landowska, still reverberates in the musical world (like the amplified tone of her instrument) Woodhouse's art, delicate and subtle as the sonnetries of the originals and clavichords she brought back to the concert hall, is forgotten. She had, so said such contemporaries as Casals, a great talent, and it is to the credit of Jessica Douglas-Horne, her great-niece, that her extraordinary story is now told in *Violet*.

with each other and with her. Add to this a trip to Lesbos: she didn't land, but viewed the coast from close by and found Ethel Smythe a fervent admirer, as also the

VIOLET
by Jessica Douglas-Horne
Harvill Press £20, 340 pages

fearful Christopher St. John, a music critic née Christabel Marshall, who, in a letter written just before Violet's wedding, warned Gordon Woodhouse off expecting any nuptial bliss. The letter was probably unnecessary;

there are indications that Woodhouse was in the closet, while a photograph of the dire Christabel shows her dressed as a Victorian buck, looking rather like the young Charles Dickens. Things get even odder. Violet Woodhouse had a sense of her own presence and style that turned dress into fancy-dress, a fact enhanced in later years by her blue hair ("Ceanothus-colour" said Osbert Sitwell; "violet", naturally enough, thought rather scarified child observers).

ness, that dingiest vice - and a talent, quite as strong as her musical gift, for having her cake and eating it, and then having other people's too, and feasting blithely on it. There are murders in the tale: both her sisters-in-law were slaughtered by their drunken butler one bright autumn day, an event which served Violet's ends since it brought much-needed funds to Gordon Woodhouse as the heir (a fact all the more Violet-ish in that the sisters had intended to leave their fortunes elsewhere).

selfishness, a skilled moral blackmailer, possessor of an overweening ego. What we do not know, though, is the grace of her playing. What redeemed her, excusing her autocratic manner and the fat-cat smile we glimpse in the photographs (puss having just lapped up the cream and swallowed the canary) was her dedication to heroic music, and her profound artistry.

ous transcriptions that were their identity in her time. Mozart, too, she loved, when he was largely misunderstood in England. For this - and for those of her 1930s recordings which have now been transferred to CD - we can excuse much.

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Clement Crisp



James Morgan

French say scandal, Britons say enterprise

The proliferation of French phrases in the English vocabulary can be troublesome and even corrupting

The French complain about Anglo-Saxon cultural domination. But all they have to worry about is that their teenagers watch rock music videos on cable TV rather than the domestic soaps telling of the adventures of attractive young women who are always having to change their clothes to prepare themselves for their varied pastimes. Strange but true.

Nobody has noticed the traffic of French culture in the opposite direction. This actually changes the way the world is seen and could be deemed corrupting by

the more rigorous British free market theorists. The first such conceptual import was "social dumping" which described the way some firms relocate their factories to countries where they might operate more profitably. That was immediately followed by "delocalisation" - a similar process whereby firms decide that instead of supplying south-west France from Poitiers they would do it from Penang.

Then came "social fracture" and "exclusion" which describe the situation of the homeless and unemployed. These are the phenomena supposedly linked with

the growth of divisive market forces. But the notion originated in France where social policy is directed precisely at ensuring job security, high wages and comfy safety nets.

Now we have "cohabitation" - a term which cropped up in this paper a week ago in its analysis of the results of elections in the US. These led to the leader of one party becoming president while the legislature was in the hands of another. Cohabitation has not been used in this context in the United States. It originated rather late in the history of the Fifth French Republic to

describe the same division between executive and legislature.

So we have a situation where the British are more and more coming to see the world through French eyes. "Exclusion" is creeping into the discourse of leftist pressure groups while "social dumping" caught on in no time at all. When the French take over words like fast-food and pronounce "pipeline" with a French accent they are not actually expressing a new view of the world. Every time English politicians talk about "social fracture" they are. They are implying that

a divided society is a bad thing. This may indeed be the case but the trouble is that French phrases are extremely troublesome. It is not just that special air of intellectual superiority, like "deconstructionism" they also lead to a depletion of the world in terms alien to current Anglo-Saxon orthodoxy.

Now we have the episode of Crazy George's. This is a shop in the unattractive Paris suburb of Bobigny. It opened last Saturday offering a form of hire-purchase deals on consumer durables. Its slogan was "Choose, pay 10 francs, it's yours". The price that

would actually be paid after three years of instalments was printed in small letters. So, on Sunday, the minister of finance, Jean Arthuis no less, moved to shut the place down until the labels were changed. The communist daily *Humanité*, wrote of the "shameless policy" of "using the excluded as a target of exploitation". *Nice-Matin* wrote: "If you must be mad to go to Crazy George's, in the name of what do you forbid the madness?"

Crazy George's is owned by Thorn plc which has dozens of similar outlets in the north of

England. In this country its operations would be described as giving customers what they want. They can take back the goods when their money runs out and resume purchases when it comes in again. In France it is a scandal.

One's view of the system is based on the vocabulary used to describe it. English cooking changed once it was realised that beef stew could be *boeuf bourguignon*. The current fashion for French phrases could determine the outcome of the next election. James Morgan is BBC World Service economics correspondent.

Private View/Christian Tyler

The woman who knows when it's Art

The British avant-garde is said to lead the world. Julia Peyton-Jones is in the thick of it

Anyone wanting a lesson in modern art should skip the staid Turner Prize exhibition at the Tate this year. A much better picture of Britain's vaunted avant-garde is provided by a small public gallery which is not even open at the moment, the Serpentine in Hyde Park.

Before the gallery closed for renovation a sculptor called Richard Wilson was invited to turn the whole building into "a temporary work of art" by knocking holes in its walls and roof using a digger. The show was called *Jamming Gears*.

When the builders moved in last month, a 13-metre tower of scaffolding by London-based Rasheed Araeen, entitled *To Whom It May Concern*, was erected on the lawn outside to mimic what was going on within.

These exhibitions, like Damien Hirst's pickled sheep, Robert Gober's "genitalia wallpaper", the late Helen Chadwick's fountain of chocolate and the smash-hit show of actress Tilda Swinton lying asleep in a glass case, are all due to Julia Peyton-Jones, the gallery's director.

Described by one London art critic as "the cool queen of the avant-garde", Peyton-Jones does not seem to fit the noisy, self-obsessed and prickly political world of contemporary British art.

She is tall and blonde like her friend Princess Diana, the gallery's former patron - and even, perhaps, a trifle slimmer. She is demure under fire and jolly when relaxed. Her accent is from Sloane Square and her friends from the world of pop music, showbiz and celebrity magazines.

She has artistic forebears: a great-grandmother and an uncle painted; a grandfather was an art historian; she herself went to the Royal College of Art.

While explaining the influence of the modern curator, Peyton-Jones broke off. "What this conversation is highlighting," she said, "is that there are so many ways to do it now, and all of them are equally viable. And that's really the point. Different people do different things."

Then how on earth do you choose who to do it?

She laughed warily before explaining that the Serpentine's eight exhibitions a year were divided between older, mid-generation and emerging young artists, with one set aside for a live performance. Entrance is free, and she feels obliged to offer a broad range.

But, I asked, if everything was - as she put it - "visible" how did she distinguish the good from the bad, the brilliant from the dreadful?

"How do you judge between good writing or not?" she retorted.

I could tell you, I said, if there was time.

"Tell me how," she repeated. So I threw out half a dozen suggestions.

"Well, then, I suppose we look at an artist's work in relation to their peers," she answered, still (I thought) ducking the question - "to what has been made before, how the work has been sustained over a period, how it contributes to the current discussion."

"Of the Serpentine's eight exhibitions a year, one is set aside for a live performance"

Do the words "good" and "bad" mean anything in this context?

"I hate them because one, they're so bleak and two, it's never as simple as that."

Of course it isn't so simple. But her reply seemed to reflect the fear of appearing to discriminate which pervades what contemporary art folk call "the discourse".

Peyton-Jones emphatically denied that curators set out to be controversial, even if artists themselves pick controversial subjects. She named the photographer Robert Mapplethorpe whose pictures of male homosexual sadomasochism have been showing in London. "Because the subject is tough doesn't mean he is not a good artist and didn't take sublime photographs."

I asked her about the common allegation that a small coterie of commercial and public gallery directors, art professors and collectors have institutionalised the avant-garde in Britain and are controlling its output.

"You keep returning to the avant-garde," she said, "when actually the discussion is much wider than that." She pointed out that this year's Turner Prize shortlist is far from avant-garde. (Punters note: she thinks the painter Gary Hume will win.)

What is the philosopher's stone you keep under your



Julia Peyton-Jones: accent from Sloane Square, friends from celebrity magazines

pillow to tell you what to look for?

"Quality."

And how do you assess that?

"I suppose my reference points come from having looked at art of all periods

since I was 17 years old." (She is now 44.) "But that's not the only thing. It's to do with reading, thinking, talking."

Some say that Art today is anything an artist does. Is an artist anyone who calls

him or herself an artist? And if not, why not?

"I mean..." she started, then paused a long while. "I can see your desire for clarity on this point, and in a way I understand it. Having said that, it is incredibly dif-

ficult to be as black and white as you would like me to be."

I don't want you to be black and white, I said. You asked me how to judge writing. What is the equivalent in art?

"That the artist has successfully set out to convey his or her intention."

Must the intention be manifest in the work? Or could it be written on the wall?

"Could be. Look," she added, "there are so many ways of working. It was, in quotes, easier when it was figurative or abstract, painting or sculpture. It's not like that any more."

Art critics used to talk about "life-enhancing", which sounds a dreadful phrase now. Would you ever use it?

"Yes. But 'life-enhancing' is also uplifting, and much work which is truly inspirational is not uplifting."

You mean sometimes it is ugly?

Sometimes trivial?

"It can be."

Quite cruel? "Mm," she assented. "Pessimistic? Or complaining? ("Yes, probably.") Often very introverted, even selfish?"

"It's the artist's reflection of the time we live in," she replied. "All those qualities are part of the human condition."

I suggested that artists once felt they should transcend the daily grind, like problems paying the rent.

"They're not necessarily constrained by that ambition now," she agreed. "Times have changed and it's important that contemporary art reflects that."

Is there some kind of pre-millennial tension in the air?

"My goodness me! You are far better equipped to answer that question than I am!"

I don't think so, I said, and pressed her to cite an artist with a positive approach. She thought for a moment and named her friend Damien Hirst. "He's immensely positive. He talks about Love, Death, the great themes of art throughout the century."

Talking of art reflecting life, I said, and since you mentioned Mapplethorpe, how do you react to photographs of people behaving like pigs?

"I would say it is a fact of life. I mean you've got examples in the newspapers... Conservative ministers who died in unfortunate circumstances. I only say that because you can have people in the highest

office..." she added obliquely. "I see no reason why art shouldn't reflect life. In fact I change that to say, art should reflect life."

If those photographs had been of men doing things to women, what would you have said then?

"Well, they weren't."

Does it make a difference that it was about men doing things to men?

"Yuh."

I pressed her again. "You're talking..." she protested, before conceding. "I would have great difficulty. You're talking about an abstract proposal. The answer is it would be extremely difficult to show."

Because the police or pub-

I asked how she could distinguish the good from the bad, the brilliant from the dreadful

lic would intervene?

"No. But admission to the Serpentine is free, and freedom of access means certain responsibilities. And I'm mindful of those."

Can an artist show anything at all?

"It's the artist's privilege to reflect whatever the artist chooses to reflect. In the presentation comes all sorts of responsibility. Some is difficult to show and some is not."

So in this free-for-all are there limits?

"Of course."

Limits imposed by sensibility?

"Yes. I do believe in some-

thing called a responsible liberal attitude."

Peyton-Jones welcomes the variety and vitality of modern British art which she sees as making a big contribution to the country's cultural life. I asked her whether the fragmentation of Art meant artists were simply failing to find their way.

"They don't go into studios worrying whether art has become fragmented. The impetus to make that piece of work that propels them to get up in the morning and stay a long time in the studio is to do with the integrity of the person, the integrity of the piece."

So you can recognise a genuine creative impulse whatever form it may take?

"I say this very carefully, I would hope that I would recognise it, yes."

"That's why you're here?"

"Precisely. But it would also be an arrogance to say, my judgment is right every time. Or that anybody's is."

Have you ever had the feeling you've been taken for a ride?

"The idea that the artist is playing some sophisticated joke on the public - and it's probably pre-Picasso - I think is a real anxiety, and because it is real it is one I take very seriously."

"But I don't actually share that anxiety. The idea that someone would be so adept, so skilled, that they would spend their time making sophisticated jokes seems such a contradiction. What a waste of time! It is, as a notion, ridiculous."

You've never had the had wool pulled over your eyes?

"No. I say that very clearly because, I mean, like an artist who makes his or her work, it's there for comment and discussion. You know in the core of your being if you make a decision for the wrong reasons. And, I've never felt that."

Peter Aspden

TV reveals the human face of power



Heard the one about the vodka queue winding its way down the streets of Moscow during the final days of the Soviet Union? A man standing a long way back decides he has had enough and announces he is off to kill the man responsible for the shortage of his favourite drink, the Soviet premier Mikhail Gorbachev. A few minutes later, he returns. "Have you done the deed already?" asks his friend. "No, but the queue to kill Gorbachev was even longer."

An unremarkable joke, perhaps, and one which has probably done the rounds once too often in the states which formerly made up the Soviet Union. But what was remarkable was its telling last week on British television by a relaxed, smiling Gorbachev himself.

You had to pinch yourself to make sure it was really happening: the former head of a state which led the world in greyness, lack of humour, obsessive secrecy appearing with one of the country's hippest, most irreverent talk show hosts, Clive Anderson - and giving every bit as good as he was getting.

Gorbachev, in case anyone ever doubted it, was charming, quick-witted, self-mocking and every inch a hero. He was asked by a cheeky member of the audience if there had ever been any sexual friction between himself and Margaret Thatcher, and he avoided the question with a sparkling-eyed appreciation of its asking.

He was also on our screens to promote his memoirs, just published in Britain, and telling a story which is as compelling as any of this century. His fleeting appearance thus had a sharp, and surely apposite, entrepreneurial edge.

This is the way of the former politician these days: a few months out of the limelight, sometimes accompanied by rapid weight loss as light lunches and mineral water replace the heavy consumption of diplomatic drinks and multi-course dinners.

Then, the lecture tours; the establishment of pompously titled foundations; the honorary degrees; just the odd spiky comment on your successor's naivety, to show that there is, still, some malicious blood coursing through your veins. Finally comes the book, and the inevitable round of undemanding TV publicity.

It was only a matter of time before the new-style leaders of eastern Europe got a piece of the action. Famed in the past for their long-winded tracts of mind-boggling tediousness, they are finally learning to stop worrying and love the soundbite. This is a recent development. I could not help

remembering, while watching Gorbachev's sassy performance, the ordeal Richard Nixon went through some 20 years ago when David Frost pinned him back into his comfy chair and grilled him for six hours, if memory serves, over the minutiae of that break-in and its momentous consequences.

Nixon was desperate to justify himself to the world, and wriggled and squirmed to the delight of his triumphant detractors. It was almost painful, but mesmeric, to watch. There was a sense that he was giving a definitive address to the nation, that history would judge him on this performance more than any other.

Television is fast losing that importance. More and more unlikely figures use it to put their point of view across: current members of the British royal family would not dream of making any startling new confessions without a camera in front of them. But as

they become more practised, more polished, so they become less revealing.

Former politicians provide the most unsettling examples. They spar harmlessly with breakfast television personalities who would not know a parliamentary mace from a baseball bat, displaying an urbane wit and charm which was totally lacking in their former, duty-bound incarnations. We unexpectedly warm to them. They are human after all.

Released from the shackles of spin doctors and party doctrine, their revelations are laced with a gentle irony which we find endearing. They are, quite frankly, wiser and kinder people than those who are still stalking the corridors of power. But unfortunately, it is too late. They have had their day; that is why they are so relaxed. And we wonder helplessly why they could not have been like that in the first place.

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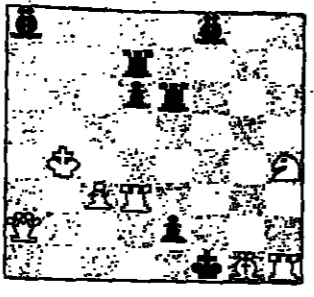
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CHESS

David Bronstein is the Russian who changed the perception of the King's Indian Defense...

B241 exchange of bishops favours Black. The normal play in such positions is Qe7 and Bg5...



R24 27 Qx2 Qx4 28 Nd1 Bx3 29 R1 Bx1 30 f3x2 Qx4-1 31 Kxh2 R2-3 22 Resigns. Black mates by Rb2.

White mates in two moves, against any defence (by G. Heathcote, 1904).

Solution, Page 11 Leonard Barden

BRIDGE

A simple rubber bridge game can provide characters, situations and suspense worthy of science fiction...

East was 6-5 in his suits, and that his 6H bid must signify a diamond void...

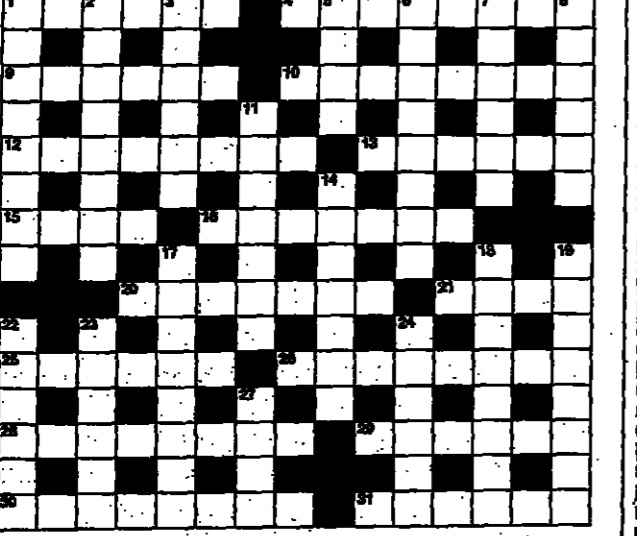
In cash-out situations, it is vital to show the count of each suit quickly...

Paul Mendelson

CROSSWORD

No. 9,227 Set by CINEPHILE

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution...



Name: Address:

- ACROSS: 4 Blue feathers in waste places (4,3,5,5) 9 Forte in hundreds year? It isn't clear (6) 10 A quick way to send pictures without quarrelling? (6) 11 Put a stopper on an inferior dwelling (6) 12 Sweep (6) 13 Sealer with strings (4) 14 One who punishes a note with a kiss? (7) 15 Would he VP in competition at end of game (7,4) 20 Baked state? I will enquire of her, as a joke (6) 26 From campfire I can locate a sound in the lungs (8) 28 29 It's badly upholstered and doesn't match the sofa, I may say (8,5) 30 Her plans involved flying fragments (8) 31 Persian leader keeps himself an island (6)

Solution 9,226 Solution 9,215

WINNERS 9,215: P. Alder, Acton Trussell, Stafford; Mrs B.M. Ashton, Sevenoaks, Kent; G. Davis, Bloxham, Oxon; D. Gould, Church Harbottle, Oxon; Freda Reid, Knarsborough, N. York; Mrs P. Wilford, Kirby Muxloe, Leics.

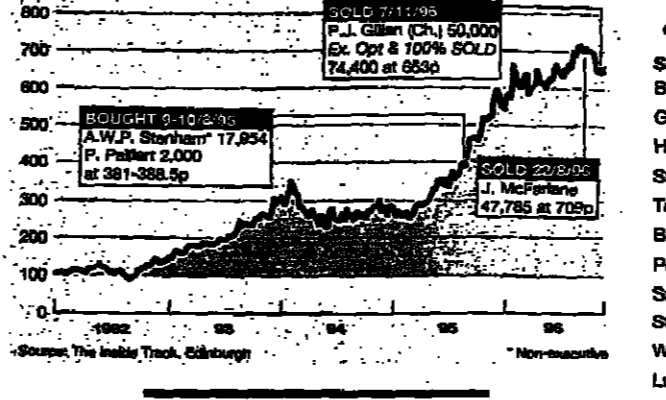
WEEKEND INVESTOR

Results due next week

Table with columns: Company, Sector, Amount due, Last year, Dividend, This year. Includes companies like BOC, Carbu Int, Comit, Diploma, Euro-Geny, Farnes Group, Fibrevel, GWH Group, Glasgow Income, L&L, Jupiter Extra, McCaffry & Stone, McLeod Russell, M&S, Ouchterlony, Tomkowiak, Vision Group.

Table with columns: Company, Sector, Amount due, Last year, Dividend, This year. Includes companies like Advertiser, Aspec, Babcock, Baring, British Energy, Cable & Wireless, Cable Int, Chester Water, Chloride Group, City of London, Courtauld, Danmack, D&S Management, Dawson Int, De La Rue, EMI Group, Enterprise Int, European Telecom, G&S, Giltman, Great Portland, Hardy Oil & Gas, Health Care, Hydr, Jarvis, Kalamazoo, London, London Lambert, M & S Income, M & S Property, MacDougall, Mer (E D & F), Mirviald Brewery, Merchant Retail, Mercury Euro, National Power, Northern Foods, Odeon, Policy Portfolio, Powell Duffryn, RBS Group, RSC Group, Salford, Seaford, Shires Income, Southdown, Storehouse, T&N, Tinsley, UK Land, Vantage Group, Vantage, Wiggins, Whitcroft.

Standard Chartered



Directors' share dealings

Directors' dealings were restrained again this week, perhaps anticipating a market correction...

Directors' share dealings

Directors' share price has perked up after the past year. The acquisition was another example of continuing confidence by directors.

Current takeover bids and mergers

Table with columns: Company, Bid for, Value of bid, Market price, Value of bid, Bidder. Includes companies like Stanheim Group, British Data, Calor, Cardcast, Cook (William), East Midlands, King & Shaxson, Lloyds Chemists, Lloyds Chemists, My Kinda Town, Northern Electric, Pet City, Petrochem, Strong & Fisher.

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Weekend Investor

Wall Street

The rush to 'casino capitalism'

Investors are flocking to buy through financial supermarkets, says John Authers

Sometimes, what does not happen is more interesting than what does. This week, US equity and bond markets rallied vigorously, setting successive records. Both the Dow Jones Industrial Average, on course yesterday for its 10th successive daily gain, and the Nasdaq index of smaller stocks were at all-time highs, with the Dow breaking 6,250 on Monday, and 6,300 on Thursday. Meanwhile, the yield on the benchmark 30-year treasury bond fell decisively below 6.5 per cent.

But the reaction to two announcements which came close together at noon on Wednesday was more interesting. Nothing happened.

The Federal Reserve's open market committee held its first meeting since September and decided to leave rates unchanged. The last time it met, and made the same decision, the news was greeted like a declaration of war, triggering huge market swings. There were mutterings that the committee had been influenced politically so as not to raise rates in the middle of the election campaign.

This time around, no one seemed to care. Nobody now expects a base rate rise before March, at the earliest, and fears of a tightening have almost vanished.

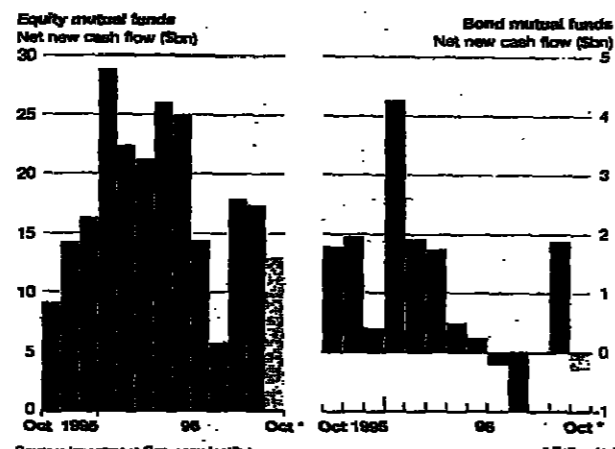
At much the same time, the Investment Company Institute (ICI) published its estimate of cash flow into equity mutual funds for October. This showed that new investment exceeded redemptions by \$13bn. But it also confirmed that monthly flows had settled in at barely half the level they were averaging in the first half of this year.

These massive flows, which reached \$28bn in January, had become a totem for the market. Wall Streeters would cite them, with reverence, even times it was pointed out that the market seemed over-valued.

This week, though, no one seemed worried about the fall-off in new money - and with good reason. Research since the heady days of January suggests that much of this cash was being transferred from other assets.

The increase in mutual funds is part of the well-established trend for individuals

Stemming the flow - cause for concern?



to move away from direct holdings of shares towards collective investments. Goldman Sachs quoted figures from the Fed which show that, in the second quarter of this year, households sold a net \$88.9bn in equities while buying a net \$241bn in mutual funds (including those investing in cash and bonds as well as equities).

As of the second quarter, the share of all equities held by households was 51.1 per cent (down from 89.7 per cent in 1982). Mutual funds had 13.6 per cent, their holding having doubled since 1991. Other professional managers, in pension funds and insurance companies, held 28 per cent, down from their peak in 1990 when they had 30.2 per cent.

Pension funds sold \$33bn of stock in the first half of 1996 because they needed to pay more in benefits than they had received in cash. This more than counterbalances a month's worth of mutual fund flows.

The ICI's own figures show that some of the money for equity funds has come from bonds. Bond funds prospered in the early half of this year but there have been big outflows in four of the past five months, a net \$500m last month alone.

Developments in the way the funds are sold have made it easier to switch between them. "Supermarkets", in which investors are given the choice of a range of "no-load" (no sales charge) funds and can switch between them with-

London

Drinking to a better future

Philip Coggan agrees on a way to slash inflation

Here, you're one of those financial journalist blokes, aren't you?" said Ebenezer Gowrie, landlord of the Mollusc and Aubergine, (formerly the Dog and Duck) as I waited for him to pour my weekly libation.

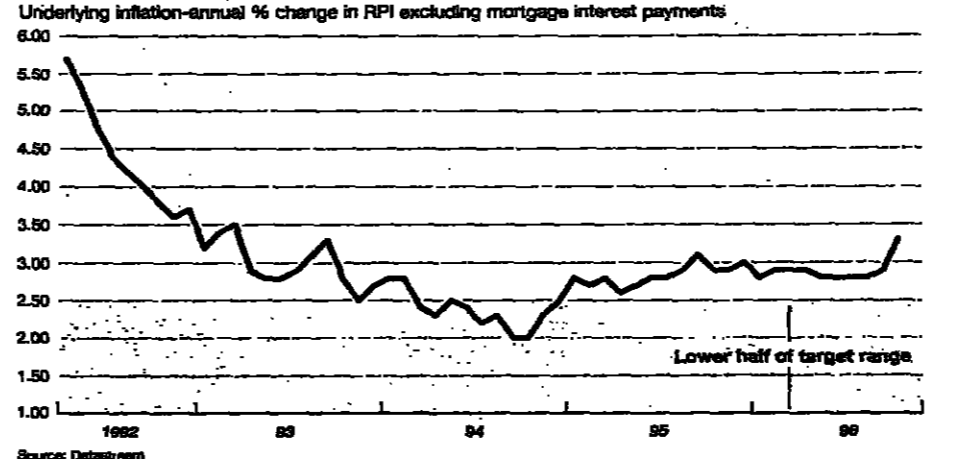
Denying that was hopeless. There I was in a suit, with a copy of *Japanese oddities explained* under my arm and the *Actuary magazine* (swimsuit issue) spread out on the bar in front of me. "So why are these City types so misanthropic?" said Ebenezer, who has a vocabulary to match his large paunch. "Unemployment falls by 40,000 in October, to its lowest level since February 1991, and shares decline. It ought to be good news."

"Well, it is for most people," I agreed hastily, taking a swift sip of my designer lager from Guatemala. "But if unemployment falls far enough, that means labour bottlenecks." "Eyeing the throng of hopeful drinkers waiting for Ebenezer to resume serving, I added: "Labour bottlenecks lead to upward pressure on wages - unit labour costs rose by 5.4 per cent in the year to September."



Bar-room economics: unemployment and bottlenecks Trevor Humphries

Missing the target



Highlights of the week

	Price	Change	52 week	52 week	
	Ytd	on week	High	Low	
FTSE 100 Index	3958.2	+47.4	4073.1	3576.9	Wall Street hitting new highs
Allied Domecq	454 1/4	-30	556	419	Demerger hopes dashed
British Gas	209	+17 1/2	257 1/2	171 1/2	Broker recommendations
EMI Group	1272 1/4	+69	1488	1089	Better than expected UK music sales
East Midlands Elect	625 1/2	+32	744	479	Dominion bid
GI Universal Stores	670 1/4	+87 1/2	770	581 1/2	US acquisition
Ladbroke	186 1/2	+9 1/2	213	127	Positive trading update
Lasmo	208 1/2	+8	230	155	Confident statement
Loqui & General	339	+17 1/2	341 1/2	262 1/2	UAP/AXA merger boost
Manchesters Group	183	-14 1/2	263	166	Profits warning
Manchester United	538	+41 1/2	595	789	Hopes on pay-per-view
Parpetual	2217 1/4	-177 1/2	2575	1643	Cautious statement
PowerGen	565	+18 1/2	625	462	Stare buy-back
Palin	455	+38 1/2	470	208 1/2	Placing by broker
Railtrack (p/pd)	323	+47	323 1/2	205	Big options trade

Barry Riley

The root of nearly all evil

Britain needs proper economic harmony with Europe



There is a practised pleasure in observing an old-fashioned UK monetary mix-up, rather like watching an old tape of favourite television bloopers. Sterling begins to rise - or sometimes fall - alarmingly and the financial establishment at the Bank of England and the Treasury runs round in confused circles. Industry foolishly suffers in silence. The policy instruments which should be brought to bear - in 1988, an attack on the flow of credit into the housing market; today, a sharp rise in personal taxes - are, for political reasons, not available. The governor of the Bank fumes. It turns out that the UK economy has been booming much more spectacularly than earlier figures seemed to show. In trading rooms everywhere, the speculators lap it up. Soon, the incumbent chancellor retires with a peerage. We have become so accustomed to the expectation that taxes (and, almost as bad, public sector investment) will be cut in the next Budget that we no longer notice how ill-judged this will be. It is, perhaps, the price that has to be paid for Britain's style of confrontational democracy. There is, though, a more fundamental issue here, in

the failure to adapt the UK financial system to low inflation and to harmonise with the big continental economies. Parliament's insatiable demands for sovereignty may in the end supplant any question of signing up for the euro; yet, even if the UK remains outside European monetary union, the need to maintain a close financial relationship with its neighbours and major trading partners will remain.

Financial system harmonisation is the neglected part of the Emu debate. For many years, the UK became accustomed to high inflation and high short-term interest rates - which, in 1988, hit 15 per cent (having been 7 per cent at one stage in 1988). Low interest rates thus tend to generate excessive credit expansion. For nearly two years, broad money has been growing at 10 per cent, although base rates of 5.5 to 6.5 per cent have been much higher than on the Continent, where 3 per cent is more typical at present.

For several years, nevertheless, UK inflation has been running at close to continental levels. The crucial question here, however, has been whether UK monetary growth would subside towards the inflation rate or, conversely,

inflation would climb back in line with the accelerated rate of monetary expansion. Only half the jury is still out on this decision. This week's very disappointing UK inflation figures show that underlying price rises are much nearer 3.5 per cent than the 2.5 which the government has targeted.

Bond yields in the UK are now the highest in Europe apart from Greece

Now, imagine that the UK had entered monetary union with Germany and France - or, indeed, simply that the government had said it would. Base rates would fall towards 3 per cent. There would be an explosion of borrowing and a renewed house price boom. As in the late 1980s, however, the borrowing spree would be based on a misunderstanding of the cost of debt in real terms - bringing the inevitability of a painful day of reckoning. That this is no mere theoretical hazard is shown by the real experience of Ireland - an Emu enthusiast. Although it has

been divorced monetarily from the UK for 17 years, its financial system remains similar in structure. Its short-term interest rates, of about 5.5 per cent, remain closer to those of the UK than of Germany. Even so, monetary growth has been racing away, with M3 growing at 18 per cent, for example.

Essentially, it will be necessary to separate much of the UK economy from short-term rates and the mortgages, industrial loans and a large proportion of personal savings to long-term bond yields. Then, as on the Continent, short-term rates may have an influence on the exchange rate and the securities markets, but bond yields will have a more important impact on the economy at large.

There would be fundamental changes in behaviour. Right now, for example, house buyers would be complaining furiously about the rise in mortgage rates caused by the government's feckless policies. The UK's bond yields are now the highest anywhere in Europe apart from Greece. The government's 10-year gilt-edged securities yield almost 3 percentage points more than similar German bonds, and 0.5 per cent more than Swedish or

Spanish paper which, until recently, would have been regarded as second-grade. Even basket case Italy can now borrow slightly more cheaply than Her Britannic Majesty's Commissioners for the Reduction of the National Debt.

Who knows, there might be an offsetting force to rival today's tax-cutting constituency. The true cost of staying out of the single currency - or, alternatively, of failing to adopt a coherent monetary framework - would be more obvious to the average UK voter. As it is, the harsh judgment is being brought to bear mainly by foreigners. Sterling bonds are acquiring a higher inflation premium as gilt yields head back above 8 per cent. In the long run, sterling's exchange rate will reflect that inflation.

Meanwhile, though, short-term speculators gamble that sterling will rise temporarily; and if they can borrow, say, Swiss francs at 2 per cent and, soon, earn 8.5 per cent or more on conversion into pounds, they will get a double pay-off.

Now, it just remains to wait hopefully for our favourite moment: the full one-point rise in base rates, perhaps, or the amusing bit about "problems of success".

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